
CITY OF MENLO PARK
HOUSING ELEMENT

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Adopted

July 7, 1992

CITY OF MENLO PARK

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This document has been formatted for incorporation into the Menlo Park General Plan at a later date. Separate title page and table of contents are provided in the interim to assist the reader in the review of this document.

Adopted

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INTRODUCTION

INTRODUCTION

PURPOSE AND NATURE OF THE GENERAL PLAN

A general plan is a legal document, required by state law, which serves as a community's "constitution" for development and the use of its land. It must be a comprehensive, long-term document, detailing proposals for the "physical development of the city, and of any land outside its boundaries which in the planning agency's judgment bears relation to its planning" (*Government Code* §65300 et seq.). Time horizons vary, but the typical general plan looks 10-20 years into the future.

The law specifically requires that the general plan address seven topics or "elements." These are land use, circulation (transportation), housing, conservation, open space, noise, and safety (*Government Code* §65302). In addition to addressing the mandatory issues, general plans may address "any other subjects which, in the judgement of the legislative body, relate to the physical development of the county or city" (*Government Code* §65303).

For each locally-relevant mandated issue or optional issue, the general plan must: (1) document and analyze the scope, nature, and significance of the issue; (2) set forth policies in text and diagrams for how the jurisdiction will respond to the issue; and (3) outline specific programs for implementing these policies.

Preparing the general plan can be viewed as an activity which sharpens and focuses the many concerns of citizens within the community and provides a structure by which these often conflicting concerns can be forged into a common vision of the future. By focusing attention on the issues facing the community and placing them in an expanded time frame, the general plan helps citizens to see their community as a complex system that changes and evolves in response to problems and opportunities and it helps to guide the community along an agreed-upon course.

On a more concrete level, preparing, adopting, and maintaining a general plan serves the following purposes:

- To establish within local government the capacity to analyze local and regional conditions and needs in order to respond effectively to the problems and opportunities facing the community;
- To identify the community's environmental, social, and economic goals;
- To record the local government's policies and standards for the maintenance and improvement of existing development and the location and characteristics of future development;
- To provide citizens with information about their community and with opportunities to participate in the local planning and decision-making process;
- To improve the coordination of community development and environmental protection activities among local, regional, state, and federal agencies; and

- To establish a basis for subsequent planning efforts, such as preparation of specific plans, redevelopment plans, and special studies, to deal with unique problems or areas in the community.

While the general plan sets out policies and identifies ways to put these policies into action, the actual implementation of the plan is a complex and lengthy process in its own right. In implementing the general plan, local officials must take many separate, but interconnected actions according to the direction set out in the plan. These various actions rest on two essential powers of local government: corporate and police powers. Using their "corporate power", local governments collect money through bonds, fees, assessments, and taxes, and spend it to provide services and facilities such as police protection, streets, water systems, and parks. Using their "police power", local governments regulate citizens' use of their property through zoning, subdivision, and building regulations in order "to promote the health, safety, and welfare of the public." The general plan provides the framework for the exercise of these powers by local officials. By virtue of state law and case law, all zoning, subdivision, and public works decisions must be consistent with the general plan.

CITY OF MENLO PARK

The city of Menlo Park lies in the Mid-Peninsula region between San Francisco and San Jose. Located in the southern part of San Mateo County, it is bounded on the south by the city of Palo Alto and Stanford University, on the east by the city of East Palo Alto and San Francisco Bay, on the north by the cities of Atherton and Redwood City, and on the west by the communities of Ladera, Portola Valley, and Woodside. Figure 1 shows Menlo Park's location in the San Francisco Bay Area.

Together with Palo Alto and Stanford, Menlo Park forms a sub-regional center for commerce, employment, education, and cultural activities. Many of the business operations in this subregion are regional, national, or international centers for a company. Research and development and specialized technical manufacturing processes are the focus at these centers.

The city of Menlo Park encompasses approximately 18 square miles, including nearly 12 square miles of the San Francisco Bay and wetlands. Because of the interrelationship of Menlo Park with the surrounding communities (in terms of traffic, housing, water supply, wastewater treatment, and natural resources), the city has defined a Planning Area that extends beyond its current sphere of influence. This larger Planning Area includes the San Francisco Bay and East Palo Alto on the east to the ridge between Ladera and Portola Valley on the west, and Palo Alto and Stanford on the south and Redwood City and Atherton on the north. Figure 2 shows Menlo Park's Planning Area.

OVERALL PHILOSOPHY AND PERSPECTIVE OF THIS GENERAL PLAN

The central purpose of this General Plan is to maintain Menlo Park's special character as a residential community that includes a broad range of residential, business, and employment opportunities and to provide for the change necessary to maintain a vital community.

The overall philosophy of this General Plan is summarized in the following statement:

To provide guidelines for the development of the city's remaining vacant land, for revitalization of existing development, and for development of a transportation system and other public facilities in a manner that:

1. *Maintains and enhances the city's economic vitality and fiscal health.*
2. *Minimizes traffic congestion on city streets and limits through traffic in residential neighborhoods.*
3. *Minimizes the adverse impacts of development on the city's public facilities and services.*
4. *Minimizes the exposure of people and property to health and safety hazards.*
5. *Protects the city's open space and natural resources.*
6. *Promotes the rehabilitation of existing housing and the upgrading of existing commercial development.*
7. *Provides for expansion of the city's stock of affordable housing.*
8. *Allows for the orderly development of the city's employment and commercial base.*

ORGANIZATION OF THE GENERAL PLAN

The Menlo Park General Plan consists of two documents: the *General Plan Policy Document* and the *General Plan Background Report*.

The *General Plan Policy Document* includes the goals, policies, standards, implementation programs, quantified objectives, land use diagram, and circulation plan diagram that constitute the formal policy of the City of Menlo Park for land use, development, and environmental quality. The following define the statements of goals, policies, standards, implementation programs, and quantified objectives as these terms are used in this document:

Goal: *The ultimate purpose of an effort stated in a way that is general in nature and immeasurable.*

Policy: *A specific statement in text or diagram guiding action and implying clear commitment.*

Standard: *A specific, often quantified guideline, incorporated in a policy or implementation program, defining the relationship between two or more variables. Standards can often translate directly into regulatory controls.*

Implementation Program: *An action, procedure, program, or technique that carries out general plan policy. Implementation programs also specify primary responsibility for carrying out the action and a time frame for its accomplishment.*

Quantified Objective (Housing Only): *The number of new housing units expected to be built and the number of households expected to be assisted during the time frame of the Housing Element based on policies and programs contained in the Housing Element and on general market conditions.*

The *General Plan Policy Document* is divided into three main parts. Part I contains the explicit statements of goals, policies, standards, implementation programs, and quantified objectives. This part is divided into the following sections: Land Use, Circulation and Transportation, Housing, Public Facilities and Services, Natural and Cultural Resources, Safety, and Noise.

Each section in Part I includes several goal statements relating to different sub-issues or different aspects of the issue addressed in the section. For each goal statement there are several policies which amplify the goal statement. Implementation programs are listed at the end of each section and describe briefly the proposed action, the agencies or departments with primary responsibility for carrying out the program, and the time frame for accomplishing the program. The housing section also includes a statement of quantified housing objectives, required by state law as part of the housing element.

Part II describes the designations appearing on the *Land Use Diagram* and outlines the standards of population density and building intensity for these land use designations. Part II also contains a description of the street and highway classification system appearing on the *Circulation Plan Diagram*.

Part III includes a discussion of the general plan proposals reflected on the *Land Use Diagram* and *Circulation Plan Diagram* and the implications of these proposals in terms of development potential and traffic volumes.

The *General Plan Background Report* inventories and analyzes existing conditions and trends in Menlo Park and its environs. The *Background Report*, which provides the formal supporting documentation for general plan policy, addresses the following subject areas: land use; circulation and transportation; housing; economic conditions; public facilities and services; natural and cultural resources; safety; and noise.

In addition to the *Background Report* and *Policy Document*, an *Environmental Impact Report* (EIR) analyzing the impacts and implications of the *Menlo Park General Plan* was prepared and certified prior to adoption of the Plan. The EIR, which is not a formal part of the *General Plan*, was prepared to meet the requirements of the California Environmental Quality Act. Two additional reports, *Fiscal Impact Analysis for Proposed Amendments to the City of Menlo Park General Plan*, prepared by Mundie & Associates, and *Traffic Data and Analysis Review for Proposed Amendments to the City of Menlo Park General Plan*, prepared by Patterson Associates, were important source documents for the General Plan Amendments but are not formally part of the *General Plan*.

GOALS, POLICIES, AND IMPLEMENTATION PROGRAMS

SECTION III

HOUSING

GOALS AND POLICIES

Goal III-A: To promote the development of a balanced range of housing types and densities for all economic segments and all geographic areas of the community.

Policies

- III.A.1. The City will not allow non-residential uses to encroach on residentially-zoned areas.
- III.A.2. The City will promote the development of secondary residential units (e.g., carriage houses, attached independent living units, small detached living units) in combination with primary residential uses on low-density lots.
- III.A.3. The City will support development of affordable, alternative living arrangements such as co-housing and "shared housing," (e.g., the Human Investment Project's shared housing program).
- III.A.4. The City will promote the development of housing on appropriate City-owned land.
- III.A.5. The City will promote development of mixed medium- or higher-density residential and commercial projects in the Central Business District and along El Camino Real as a means of providing more housing on job sites to help offset the impact of new employment on the regional housing market.
- III.A.6. The City will explore the feasibility of using air rights in parking plazas in the Central Business District as a means of creating more housing opportunities in the city. The use of air rights in parking plazas must not result in the loss of parking and should increase the supply of parking beyond that needed for any new housing created.
- III.A.7. The City will continue to use as appropriate, federal, state, and local funding techniques such as mortgage revenue bonds, mortgage credit certificates, downpayment assistance loans, and low-income tax credits to develop affordable housing.
- III.A.8. The City will continue to require residential developers to contribute to the provision of below market rate housing opportunities in the city.
- III.A.9. The City will continue to require developers of employment-generating commercial and industrial developments to contribute to the provision of below market rate housing opportunities in the city.
- III.A.10. The City will increase the supply of land available for residential development by redesignating and rezoning targeted residential and non-residential parcels for multi-family residential use, particularly near public transit and major transportation corridors in the city.

- III.A.11. The City will promote the distribution of new, higher-density residential developments throughout the city, taking into consideration compatibility with surrounding existing residential uses, particularly near public transit and major transportation corridors in the city.

Goal III-B: To encourage the maintenance, improvement, and rehabilitation of the city's existing housing stock and residential neighborhoods.

Policies

- III.B.1. The City will continue to work with housing developers and charitable organizations to acquire and rehabilitate lower- and moderate-income housing.
- III.B.2. The City will work to ensure that assisted housing projects in the community remain affordable for the long term to persons of lower and moderate income.
- III.B.3. The City will continue to pursue federal, state, and local funds for the purpose of rehabilitating lower- and moderate-income housing in the community.
- III.B.4. The City will discourage the demolition of housing that is capable of being rehabilitated and will prohibit conversion of such housing to non-residential use unless replacement housing is provided.
- III.B.5. The City will discourage conversion of existing affordable rental structures to condominiums unless an adequate number of rental units are available within the city.

Goal III-C: To remove governmental and non-governmental constraints on the production of housing, to the extent feasible.

Policies

- III.C.1. The City will seek ways to prioritize development applications to decrease the review and approval time for all development that includes on-site residential dwelling units affordable to lower- or moderate-income households.
- III.C.2. The City will seek ways to increase the availability and decrease the cost of housing loans to developers of housing for lower- and moderate-income residents and to lower- and moderate-income purchasers.
- III.C.3. The City will work with the Menlo Park Fire Protection District to make its residential sprinkler ordinance consistent with the provisions of the Uniform Fire Code.
- III.C.4. The City will continue to review and evaluate relevant housing documents, reports, and studies prepared by state, regional, or federal bodies, as well as neighboring jurisdictions, for their impact on Menlo Park.

Goal III-D: To encourage energy efficiency in both new and existing housing

Policies

- III.D.1. The City will continue to promote energy conservation in the design of all new residential structures and will promote incorporation of energy conservation and weatherization features in existing homes.
- III.D.2. To the extent practical, the City will require that the design of all new residential development takes advantage of solar access.

Goal III-E: To promote housing opportunities for all persons regardless of age, race, color, sex, sexual orientation, marital status, disability, ancestry, national origin, and other barriers that prevent choice in housing.

Policies

- III.E.1. The City will actively support housing opportunities for all persons regardless of age, race, color, sex, sexual orientation, marital status, disability, ancestry, national origin, and other barriers that prevent choice in housing.
- III.E.2. The City will continue to encourage non-profit organizations and private developers to build and maintain housing for groups with special needs.
- III.E.3. The City will encourage alterations to existing residential structures to improve disabled and elderly access in the residential building stock (e.g., provision of grab bars and ramps).
- III.E.4. The City will work to replace the homeless shelter located at 260 Van Buren when an alternative location that serves the Menlo Park community can be identified and developed.

IMPLEMENTATION PROGRAMS

- III-1. The City will amend the Zoning Ordinance to create a new higher-density residential zoning district to be used in selected areas near public transit and major transportation corridors in the city. This new zone will be designed to allow up to 40 dwelling units per net acre, and any density bonus or below market rate units will be considered above the 40 dwelling units per net acre density.
- Responsibility: City Council; Development Services
 - Time Frame: FY 92-93
- III-2. The City will initiate rezoning of parcels listed in Table III-18 of the Housing Element Background Report for higher-density residential use.
- Responsibility: City Council; Development Services
 - Time Frame: FY 92-93

- III-3. If the City-owned Chilco/Terminal Avenue site is rezoned pursuant to Program III-2, the City will work with a developer to build housing, including units affordable to lower- and/or moderate-income households on the site. If the project proceeds, the City will consider writing down the price of the site.
- Responsibility: City Council; Housing and Redevelopment Department
 - Time Frame: FY 92-93 through 94-95
- III-4. The City will complete the study of the Hamilton Avenue area to rezone existing M-2 lots along the corridor to R-3, amortize existing uses, assemble parcels for development, and develop the resulting sites for housing, including units affordable to persons of lower or moderate income.
- Responsibility: City Council; Development Services; Housing and Redevelopment Department; Redevelopment Agency
 - Time Frame: FY 92-93 through FY 94-95
- III-5. The City will continue to administer the Below Market Rate (BMR) Housing Program for Commercial and Industrial Developments. The City will also maintain the Below Market Rate (BMR) Housing Program for Residential Developments to encourage and foster the development of new and existing housing units affordable to low and moderate income households, especially those households with children. These units, for either ownership or rental, should be dispersed throughout the city. Housing Policy Appendix A sets forth the specifications for the BMR Housing Program for Residential Developments and is hereby incorporated into this implementation program by reference.
- Responsibility: City Council; Planning Commission; Housing and Redevelopment Department; Development Services
 - Time Frame: Ongoing
- III-6. The City will prepare an inventory of all parcels in the Central District that may be suitable for mixed use.
- Responsibility: Development Services.
 - Time Frame: FY 92-94

- III-7. The City will undertake a study to determine the feasibility of developing housing in air space above parking plazas in the Central Business District. If such use of air space above parking plazas is found to be feasible, the City will initiate revisions to the Zoning Ordinance to allow greater building heights and development intensities in the Central Business District for projects that use air rights in parking plazas for housing development. The use of air rights in parking plazas must not result in the loss of parking and should increase the supply of parking beyond that needed for any new housing created, where possible.
- Responsibility: Development Services
 - Time Frame: FY 92-93
- III-8. The City will initiate revision of the Zoning Ordinance to include more flexible provisions for secondary residential units on both developed and vacant lots in the single family zoning districts.
- Responsibility: City Council; Development Services
 - Time Frame: FY 92-93
- III-9. The City will initiate revision of the Zoning Ordinance to include provisions for density bonus as required by Government Code 65915.
- Responsibility: City Council; Development Services
 - Time Frame: FY 92-93
- III-10. The City will continue to financially support the Human Investment Project and other groups that commit to developing, finding residents for, and managing shared housing.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-11. The City will continue to target Belle Haven as a primary area for rehabilitation to prevent existing standard units, both single family and apartments, from becoming deteriorated and to significantly reduce the number of seriously deteriorated units there. Emphasis will be placed on the rehabilitation of apartments in the 1100 block of Willow Road and on Pierce Road, Del Norte, and Market Place, until completion.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-12. The City will support Peninsula Volunteers in their efforts to permanently subsidize housing units at Crane Place to ensure their affordability after federal subsidies expire.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: FY 92-93

- III-13. The City will continue to cooperate with the San Mateo County Housing Authority to enable them to manage the Section 8 Moderate Rehabilitation grant awarded to the Housing Authority on behalf of the City to provide housing rehabilitation to meet the needs of low- and very low-income families in the community.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-14. The City will continue to work through the San Mateo County Housing and Development Services to compete for Community Development Block Grant funds to ensure continuation of the Single Family Ownership Rehabilitation Program for low- and very low-income families in the community.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-15. The City will continue to work through the San Mateo County Housing and Development Services to compete for Multi-Family Rental Rehabilitation funds to ensure continued rehabilitation of units suitable for low- and very low-income families in the community.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-16. The City will work through the San Mateo County Consortium to compete for Home Investment Partnership Act (HOME) funds as appropriate to provide housing rehabilitation and new construction to meet the needs of low- and very low-income families in the community.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-17. The City will continue to encourage private sponsors to develop and maintain housing units under state and federal housing assistance programs.
- Responsibility: Development Services; Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-18. The City will investigate assuming the Neighborhood Housing Services (NHS) loan portfolio. If the City assumes the portfolio, then the proceeds will be used for low- and moderate-income housing purposes.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: FY 92-93

- III-19. The City will continue to make loans, as money is available, for emergency repairs under the Emergency Repair Loan program.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-20. The City will continue to require Planning Commission review of projects that include plans to demolish housing or replace it with a non-residential use. The Planning Commission will require replacement of such housing either on- or off-site within the city.
- Responsibility: Development Services
 - Time Frame: Ongoing
- III-21. The City Council may expedite processing of permits for housing projects that include on-site residential units affordable to persons of lower or moderate income. This may include granting priority in scheduling such proposals for public review and priority in plan check and subsequent issuance of building permits.
- Responsibility: Development Services
 - Time Frame: FY 91-92
- III-22. The City will continue to offer to first-time, lower- and moderate-income homebuyers who are residents or who work in the city downpayment assistance loans for homes purchased in the city.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-23. The City will continue to work with representatives of banks and savings and loan associations to identify techniques for lowering the cost of mortgages and increasing the amount and availability of mortgage funds for city residents.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-24. The City will initiate discussions with the Menlo Park Fire Protection District to encourage the district to revise its sprinkler ordinance consistent with the provisions of the Uniform Fire Code as concerns requirements for sprinklers in residential development.
- Responsibility: Development Services; City Attorney; Menlo Park Fire Protection District
 - Time Frame: FY 92-93

- III-25. The City will continue to administer the Daylight Plane Ordinance to ensure that new development can take advantage of solar access.
- Responsibility: Development Services
 - Time Frame: Ongoing
- III-26. The City will continue to support the Mid-Peninsula Citizens for Fair Housing or similar agency for the purpose of educating Menlo Park residents through distribution of literature about fair housing rights and also for the purpose of training mediators to work with the City's Tenant-Landlord Mediation Board on fair housing issues.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-27. The City will continue to promote fair housing laws by continuing the Tenant-Landlord Mediation Board to mediate housing disputes and by referring fair housing conflicts and grievances to the Mid-Peninsula Citizens for Fair Housing or similar agency.
- Responsibility: Tenant-Landlord Mediation Board; Mid-Peninsula Citizens for Fair Housing or similar agency
 - Time Frame: Ongoing
- III-28. The City will continue to allow the development and expansion of housing opportunities for the elderly through techniques such as smaller unit sizes, parking reduction, and common dining facilities, when sponsored by a non-profit organization and developed under the Retirement Living Unit (RLU) District provisions of the Zoning Ordinance.
- Responsibility: Development Services; Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-29. The City will continue to contribute financial support for the programs of the Center for the Independence of the Disabled and other non-profit groups for improving housing opportunities for disabled persons in Menlo Park.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: Ongoing
- III-30. The City will explore feasible ways to develop and fund a program to assist 20 additional persons in need of emergency or transitional shelter on an ongoing basis.
- Responsibility: Housing and Redevelopment Department
 - Time Frame: FY 92-93; ongoing

QUANTIFIED OBJECTIVES

Table III-1 summarizes Menlo Park's quantified objectives for the period January 1, 1990, to July 1, 1995. These quantified objectives represent a reasonable expectation for the new housing units that will be developed and households that will be assisted between 1990 and 1995 based on the policies and programs outlined in this section and on general market conditions.

TABLE III-1
SUMMARY OF QUANTIFIED OBJECTIVES
(January 1, 1990 to April 1, 1995)

CATEGORY	VERY LOW	LOW	MODERATE	ABOVE MODERATE	TOTAL
NEW CONSTRUCTION					
ABAG Housing Needs Determination for the Time Period 1988 to 1995	324	259	324	711	1,618
Residential Permits Issued Between 1/88 and 12/90 ¹	130	0	8	77	215
Remaining Need	194	259	316	634	1,403
Units Developed Through Housing Programs					
Implementation Program III-3 (Chilco/Terminal Ave Site)	0	0	44	0	44
Implementation Program III-5 (BMR Housing Program)	0	0	16 ²	0	16
Infill Market Rate Units	0	0	0	292	292
Total New Construction	0	0	60	292	352

(Continued)

¹130 very low-income units are the Gateway Apartments; eight moderate-income units are Mt. Olive Arms. In both cases these units were reported as new units in the Department of Finance's dwelling unit estimates for Menlo Park in 1990.

²This assumes 14 units at the Vintage Oaks project and two units at the 600 Willow Road project.

TABLE III-1 (Continued)

SUMMARY OF QUANTIFIED OBJECTIVES

CATEGORY	VERY LOW	LOW	MODERATE	ABOVE MODERATE	TOTAL
CONSERVATION					
Implementation Program III-12 (Crane Place)	93	0	0	0	93
Section 8 Certificates	118	0	0	0	118
Section 8 Aftercare Certificates	4	0	0	0	4
Section 8 Vouchers	15	0	0	0	15
Total Conservation	230	0	0	0	230
REHABILITATION					
Implementation Program III-13 (Section 8 Moderate Rehabilitation) ¹	127	0	0	0	127
Implementation Program III-14 (Single Family Ownership Rehabilitation Program) ²	64	18	0	0	82
Implementation Program III-15 (County Multi-Family Rental Rehabilitation Program) ³	9	0	0	0	9
Total Rehabilitation	200	18	0	0	218

¹This program subsidizes rents at the Gateway Apartments through the year 2004.

²21 very low-income units and 7 low-income units have been rehabilitated through this program between 1990 and March 1992; projections are based on an assumed 18 units per year.

³This program is being phased out and replaced by the HOME Program; estimates for the HOME Program are not yet available.

HOUSING POLICY APPENDIX A

Below Market Rate Housing Program

The City of Menlo Park's Below Market Rate Housing Program shall include the following elements:

A. New Residential Developments

In housing developments of ten or more units, not less than 10 percent of the units shall be provided at below-market rates to very low-, low-, and moderate-income households. For each BMR unit provided, a developer shall be permitted to build one additional market rate unit up to a maximum unit increase over the allowable zoning of 15 percent, and consistent with all other zoning requirements.

The City of Menlo Park's BMR Program is intended to increase the housing supply for individuals and households who have very low, low, and moderate incomes. The primary objective is to obtain actual housing units rather than equivalent cash. Occupancy of BMR units will be determined according to City Council established guidelines from those on a numbered waiting list maintained by the City or its designee.

The initial selling price of BMR units should be affordable to households whose incomes are no higher than 120 percent of the median income related to household size, as established from time to time by HUD for San Mateo County (BMR Income Guidelines).

Before the City accepts plans for review, a developer of a complex of ten or more residential units shall agree to one or a combination of the following alternatives that are listed in order of priority. Provision by the developer and acceptance by the City of the BMR arrangement will be part of the application for development. A formal BMR Agreement will be immediately signed and recorded upon project approval.

This program shall include condominium conversions as well as new residential developments.

1. On-site BMR Units

For each ten units developed, not less than one of such units shall be provided as a BMR unit within the development. The price for such BMR units shall be established prior to final inspection for such BMR units. The price not exceed the estimated direct construction and financing cost of the BMR unit (excluding land cost, marketing cost, off-site improvements, other soft costs, and profit) or the price ranges allowed by the BMR Income Guidelines in effect at the time, whichever is less. Fractions of required BMR units should be handled by equivalent in-lieu payments.

In a rental housing development, one out of every ten rental units shall be rented at a rate affordable to low and moderate income households. The Below Market Rate rental requirements will be recorded at the time of development approval.

For each BMR unit provided, a developer shall be permitted to build one additional market-rate unit. However, in no event shall the total number of units in a development be more that 15 percent over the number otherwise allowed by zoning.

2. Off-site BMR Units

Provide on or before completion of any development of ten or more units, not less than one BMR unit elsewhere in the City for each nine units developed.

If the units are rental, the same requirements shall apply as for on-site units.

These units may be new or existing and must be approved by the City, taking into consideration such factors as size, location, amenities, and condition.

3. In-lieu Payments Based on Sales Price or Appraisal

The in-lieu payment is to be three percent of the actual sales price of each unit sold or, for rentals, of a price set by a certified appraiser chosen by the City or its designee. The payment will be made to the City upon the sale of each unit in the subdivision, or for rentals, upon occupancy of the units.

In-lieu payments for fractions of BMR units will be determined:

- a. Disregarding any bonus units.
- b. As three percent of selling price of each of the units for which no BMR unit is provided.

If the developer of for-sale units retains any completed unit as a rental, either for its own account or through subsidiary or affiliated organizations, the City may treat such units as for-sale units or for-rental units, or require an in-lieu fee.

4. Equivalent Alternative

A reasonably equivalent alternative may be approved by the City Council.

B. Zoning Authority Incentives for the Development of Low and Moderate Income Housing

The City Council may, as an incentive for production of low cost housing, permit an additional market rate unit (i.e., bonus unit) for each low cost unit produced, up to a permitted increased density of 15 percent. At its discretion, on a case basis, the Council may consider other incentives such as permitting greater height, reduced setbacks, or fewer parking spaces. In addition, the Council may wish to expedite processing of permits.

C. Creation of Below Market Rate Housing Reserve to Receive Fees and Provide Below Market Rate Housing

1. Purpose

The Below Market Rate Housing Reserve is a separate City fund set aside for the specific purpose of developing housing that is affordable to very low-, low-, and moderate-income households. The fund is generated by such income as in-lieu and housing mitigation fees. All monies contributed to the Reserve, as well as repayments and interest earnings accrued, are used solely for these purposes,

subject to BMR Guidelines. A major purpose shall be to use these funds to enable private sector development, as opposed to the City being the actual developer.

2. Eligible Uses

Permitted Housing Reserve funds uses include, but are not limited to the following:

- a. Provision of below market rate financing for home buyers.
- b. Purchase of land or air rights for resale to developers at a reduced cost to facilitate housing development for very low-, low-, or moderate-income households.
- c. Reduction of interest rates for construction loans or permanent financing or assistance with other costs associated with development or purchase of very low-, low-, or moderate-income housing.
- d. Rehabilitation of uninhabitable structures for very low-, low-, or moderate-income housing.
- e. On-site and off-site improvement costs for production of affordable housing.
- f. Reduction of purchase price to provide units that are very low-, low-, or moderate-cost.
- g. Rent subsidies to reduce the cost of rent for households with limited incomes.

D. Guidelines

The City Council has adopted guidelines (BMR Guidelines) for the purpose of implementing and carrying out the Below Market Rate Housing Program. These guidelines spell out details of administration of the program, including guidelines defining eligible income groups, procedures for establishing rental units, and directing staff to report back periodically on implementation of the guidelines.

BACKGROUND REPORT

CHAPTER III

HOUSING

INTRODUCTION

Under the requirements of state law, every city and county in California must prepare a housing element as part of its general plan. Government Code § 65583 describes the content of a housing element as follows:

The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, and scheduled programs for the preservation, improvement, and development of housing. The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobilehomes, and shall make adequate provision for the existing and projected needs of all economic segments of the community.

The Housing Element, which consists of this chapter of the General Plan Background Report and the housing section of the General Plan Policy Document, includes all of these required contents and is a comprehensive update of the Housing Element adopted in 1985. The Housing Element covers the period 1990 to 1995. Responding to the requirements of state law, this chapter profiles Menlo Park's existing housing, assesses existing and projected housing needs, analyzes resources available to meet these needs, and reviews governmental and nongovernmental constraints on the production of affordable housing.

The chapter is divided into eight sections. The first section summarizes information on Menlo Park's housing stock and its characteristics. The second section summarizes existing housing needs, projected housing needs, and the housing needs of special groups within Menlo Park's population. The third section is an analysis of assisted low-income housing at risk of conversion and fulfills the City's obligation under new state law requirements to consider ways of preventing conversion of the city's low-income housing stock. The fourth section describes sites that are available within Menlo Park to meet the city's future housing needs and discusses the services available to support development of these sites. The fifth section discusses land use controls and governmental constraints. The sixth section discusses non-governmental constraints on the production and availability of housing. The seventh section summarizes housing programs and activities in Menlo Park during the period 1986 to 1990 and evaluates implementation of the City's 1985 Housing Element. Section eight summarizes the public participation program used in the development of the Housing Element. Section nine discusses the consistency of the Housing Element with other General Plan elements.

HOUSEHOLD COMPOSITION

In 1990, according to the census, there were 11,816 households in Menlo Park. Since 1980, the percentage of married-couple families in Menlo Park has decreased from 48.5 percent to 45.1 percent. In 1990, Menlo Park contained a significantly greater percentage of single-person households (i.e., 33.2 percent versus 25.1 percent) and a smaller percentage of married couple families (i.e., 45.1 percent versus 53.3 percent) than San Mateo county as the whole. There was also a slightly greater percentage of non-family households (i.e., 10.2 percent versus 7.8 percent) in Menlo Park as compared to the county. This higher percentage of non-family households probably reflects the presence of a large number of students due to the city's proximity to Stanford University. Table III-1 shows household composition in Menlo Park and San Mateo County in 1990.

TABLE III-1
HOUSEHOLD COMPOSITION
City of Menlo Park and San Mateo County
1990

	City of Menlo Park		San Mateo County	
	Number of		Number of	
	Households	%	Households	%
Single Person	3,912	33.2%	60,654	25.1%
Two or More Person				
Married-Couple Family	5,328	45.1%	129,023	53.3%
Other family				
Male Householder	288	2.4%	9,573	3.9%
Female Householder	1,078	9.1%	23,721	9.9%
Non-Family Household	1,210	10.2%	18,943	7.8%
Total	11,816	100.0%	241,914	100.0%

Source: United States Census, 1990

HOUSING STOCK

The California Department of Finance (DOF) estimated the total number of housing units in Menlo Park at 11,564 in 1980. DOF estimated the total number of housing units in Menlo Park at 12,481 in 1990. This represents a total increase from 1980 to 1990 of 917 units, for an average annual increase of 92 units, using DOF estimates. This increase includes annexations as well as new construction. The U.S. Census Bureau estimated 11,541 housing units in 1980 and 12,247 housing units in 1990, for an increase of 706 dwelling units. Based on the City's building permit records, 394 housing units were built between 1984 and 1989 for a six year average of just under 66 units per year. Table III-2 shows household and housing unit growth rates between 1980 and 1990.

TABLE III-2

HOUSEHOLD AND HOUSING UNIT GROWTH 1980-1990

Year	Households	Annual % Growth	Housing Units	Annual % Growth
1980	11,269	--	11,564	--
1981	11,272	0.03%	11,588	0.21%
1982	11,313	0.36%	11,640	0.45%
1983	11,352	0.34%	11,669	0.25%
1984	11,362	0.09%	11,675	0.05%
1985	11,870	4.47%	12,212	4.60%
1986	11,886	0.13%	12,231	0.16%
1987	11,861	-0.21%	12,250	0.16%
1988	11,892	0.26%	12,266	0.13%
1989	11,987	0.80%	12,341	0.61%
1990	*12,103	0.97%	12,481	1.13%
1980-1990 increase		7.40%		7.93%

*1990 Census estimates 11,816 households in Menlo Park

Source: California Department of Finance; J. Laurence Mintier & Associates

Table III-3 shows historical housing stock composition in Menlo Park, and Table III-4 compares Menlo Park's housing stock composition in 1990 with those of other cities in San Mateo County. These data indicate housing stock composition in Menlo Park remained essentially unchanged between 1980 and 1990 and that, when compared to other cities in San Mateo County, Menlo Park ranks in the top third of cities in terms of the proportion of the housing stock made up of multifamily housing. Only about 59 percent of Menlo Park's housing stock is single family dwellings.

TABLE III-3

**HISTORICAL HOUSING STOCK COMPOSITION
1980-1990**

Year	Total	Single Family	% of Total	2-4 Units	% of Total	5+ Units	% of Total	Mobile- homes	% of Total
1980	11,564	6,735	58.2%	1,609	13.9%	3,212	27.8%	8	0.1%
1981	11,588	6,750	58.2%	1,618	14.0%	3,212	27.7%	8	0.1%
1982	11,640	6,756	58.0%	1,640	14.1%	3,236	27.8%	8	0.1%
1983	11,669	6,783	58.1%	1,642	14.1%	3,236	27.7%	8	0.1%
1984	11,675	6,789	58.1%	1,642	14.1%	3,236	27.7%	8	0.1%
1985	12,212	7,225	59.2%	1,743	14.3%	3,236	26.5%	8	0.1%
1986	12,231	7,237	59.2%	1,743	14.2%	3,243	26.5%	8	0.1%
1987	12,250	7,256	59.2%	1,642	13.4%	3,344	27.4%	8	0.1%
1988	12,266	7,268	59.2%	1,646	13.4%	3,344	27.3%	8	0.1%
1989	12,341	7,339	59.5%	1,650	13.4%	3,344	27.1%	8	0.1%
1990	12,481	7,341	58.8%	1,650	13.2%	3,482	27.9%	8	0.1%

Source: California Department of Finance

TABLE III-4
COMPARATIVE HOUSING STOCK COMPOSITION
San Mateo County Cities
1990

	Total	Single Family	% of Total	2-4 Units	% of Total	5+ Units	% of Total	Mobile homes	% of Total
Atherton	2,586	2,486	96.1%	34	1.3%	66	2.5%	0	0.0%
Belmont	10,193	6,364	62.4%	251	2.5%	3,578	35.1%	0	0.0%
Brisbane	1,437	922	64.2%	192	13.4%	296	20.6%	27	1.9%
Burlingame	13,027	6,304	48.4%	1,031	7.9%	5,692	43.7%	0	0.0%
Colma	334	235	70.3%	87	26.0%	10	3.0%	2	0.6%
Daly City	30,420	18,756	61.6%	2,837	9.3%	8,367	27.5%	460	1.5%
East Palo Alto	6,924	3,483	50.3%	194	2.8%	3,022	43.6%	225	3.2%
Foster City	11,538	6,754	58.5%	404	3.5%	4,372	37.9%	8	0.1%
Half Moon Bay	3,520	2,650	75.3%	273	7.7%	206	5.8%	391	11.1%
Hillsborough	3,822	3,724	97.4%	53	1.4%	45	1.2%	0	0.0%
Menlo Park	12,481	7,341	58.8%	1,650	13.2%	3,482	27.9%	8	0.1%
Millbrae	8,082	5,610	69.4%	445	5.5%	2,016	24.9%	11	0.1%
Pacifica	13,853	10,502	75.8%	658	4.7%	2,640	19.0%	53	0.4%
Portola Valley	1,480	1,408	95.1%	8	0.5%	63	4.2%	1	0.1%
Redwood City	26,862	14,363	53.5%	2,491	9.3%	9,340	34.8%	668	2.5%
San Bruno	15,171	9,478	62.5%	1,254	8.3%	4,432	29.2%	7	0.1%
San Carlos	11,413	8,366	73.3%	619	5.4%	2,414	21.1%	14	0.1%
San Mateo	37,751	19,963	52.9%	3,125	8.3%	14,643	38.8%	20	0.1%
So San Francisco	19,193	13,017	67.8%	1,769	9.2%	4,047	21.1%	360	2.0%
Woodside	2,050	1,832	89.4%	45	2.2%	173	8.4%	0	0.0%

Source: California Department of Finance

Vacancy Rates and Housing Tenure

The vacancy rate provides a quantified measure of relationship between supply and demand. The rule of thumb is that an overall vacancy rate of between 4.0 percent and 6.0 percent indicates a market reasonably well balanced between supply and demand. The Association of Bay Area Governments adopted 4.5 percent as a regional vacancy goal in its *1989 Housing Needs Determinations*.

High demand and short supply, reflected in low vacancy rates, may result in continued use of units that are overcrowded, unsafe, unsanitary or otherwise unsuitable for residential use. It also typically results in high home prices and rents which most severely affect lower income households, people on fixed incomes, families with children and other special-need groups.

According to the U.S. Census Bureau, the overall vacancy rate in Menlo Park in 1990 was 3.9 percent. This is slightly below the lower range considered healthy (i.e., 4.0 percent to 6.0 percent). Rates for some types of housing, however, are very low. For example, the vacancy rate for detached single-family dwellings was 2.1 percent, for duplexes (i.e., 2 units) 1.7 percent, and for three or four units 2.7 percent.

Regarding housing tenure, the 1990 Census reports that 46 percent of the occupied housing units in Menlo Park were renter occupied, compared to 40 percent in the county as a whole, and 44 percent statewide.

Table III-5 shows vacancy rates by tenure and housing type for Menlo Park in 1990.

TABLE III-5
VACANCY BY TENURE AND HOUSING TYPE
City of Menlo Park
1990

Type of Unit	Total	Vacant Units	Vacancy Rate	Renter Occupied	% of Units Renter Occupied
SFD Detached	6,384	137	2.1%	899	14.4%
SFD Attached	901	40	4.4%	323	37.5%
2	234	4	1.7%	210	91.3%
3 or 4	1,203	33	2.7%	1,095	93.6%
5 or more	3,500	272	7.7%	2,886	89.4%
Mobilehome/Other	81	0	0.0%	30	37.0%
Total	12,303	486	3.9%	5,443	46.1%

Source: U.S. Census Bureau

Overcrowding

An overcrowded housing unit is defined as one in which more than one person per room resides (excluding bathrooms and kitchens). The 1990 Census reported that four percent of the owner-occupied housing units in the city and six percent of the renter-occupied units were occupied by 1.01 persons per room or more. The 1990 Census indicated a high incidence of overcrowding in census tract 6117 located in the eastern part of the city (adjacent to East Palo Alto). Overcrowded conditions were recorded for 559 units (4.7 percent of the city's occupied housing stock) by the 1990 Census. Table III-6 below shows overcrowding by Census Tract for 1990.

TABLE III-6
OVERCROWDING*
By Census Tract
1990

Census Tracts	Total Occupied Units	No. of Overcrowded Units	Percent of Tract
6103	0	0	0.00%
6114	0	0	0.00%
6116	822	21	2.55%
6117	1,314	396	30.14%
6118	0	0	0.00%
6121	274	10	3.65%
6122	1,757	44	2.50%
6123	12	0	0.00%
6124	0	0	0.00%
6125	1,869	34	1.82%
6126	2,088	31	1.48%
6127	811	6	0.74%
6128	980	4	0.41%
6129	475	7	1.47%
6130	1,413	6	0.42%

Note: *1.01+ persons per room

Source: U.S. Census Bureau

Statewide data also suggest that renters are disproportionately affected by overcrowding. The 1987 California Statewide Housing Plan (Phase I) reported "a majority (57.5 percent) of all households with six or more members are overcrowded. Although most large households are owners, two-thirds of

overcrowded households were renter households." Furthermore, a far smaller percentage of rental units than of owner-occupied units have six or more rooms. The report estimated that "only 12 percent of the very large renter households have successfully competed for large units." This profile of overcrowding is probably much the same for Menlo Park.

Age and Condition of Housing Stock

Almost 65 percent of Menlo Park's 1990 housing stock was built before 1960, with the majority built between 1940 and 1960. Most of the city's housing stock is not old enough to show signs of serious deterioration, but is of the age that requires ongoing minor rehabilitation to keep it from falling into serious disrepair. One exception is the Belle Haven area, where overcrowding and deferred maintenance have led to faster rates of deterioration of the housing stock. Table III-7 shows the profile of housing stock age in Menlo Park.

TABLE III-7
AGE OF HOUSING STOCK

Year Built	Number of Units	Percent
1980-1990	917	7.4%
1970-1980	1,223	9.8%
1960-1969	2,383	19.1%
1950-1959	3,944	31.7%
1940-1949	2,684	21.5%
1939 or earlier	1,307	10.5%
Total	12,458	100%

Source: California Department of Finance, U.S. Census Bureau

Menlo Park's Building Department estimates that there are fewer than a dozen residential units in the city in need of being replaced at this time. Building Department officials, however, estimate there are approximately 1,000 units that are in need of some kind of repairs to bring them into compliance with health, safety and building codes.

Housing Costs, Affordability, and Overpayment

The cost of housing has become an increasingly critical issue in California. Since the late 1970s, the statewide housing market has experienced dramatic price increases. Nowhere is this more evident than in the San Francisco Bay Area.

The following analysis of the Menlo Park housing market shows the relationship between the cost of housing in Menlo Park, the ability of Menlo Park residents to pay for housing, and the gap that results in housing overpayment.

Income Limits

The income limits established by U.S. Department of Housing and Urban Development (HUD) for San Mateo County in 1992 are presented in Table III-8. Very low-income families are defined as those earning 50 percent of median family income or less; low-income families are defined as those earning between 50 and 80 percent of median family income; and moderate-income families are defined as those earning between 80 and 120 percent of median family income.

TABLE III-8
INCOME LIMITS BY HOUSEHOLD SIZE
1992

NUMBER OF PERSONS IN FAMILY

INCOME CATEGORY	1 Person	2 Person	3 Person	4 Person
Very Low (50% of median)	\$19,650	\$22,450	\$25,250	\$28,050
Low (80% of median)	27,000	30,900	34,750	38,600
Median	39,250	44,900	50,500	56,100
Moderate (120% of median)	47,100	53,850	60,550	67,300

Source: Department of Housing and Community Development (HCD), 1992

Housing Costs

According to the 1990 Census, the median value of owner-occupied housing units in Menlo Park was \$463,600; the lower quartile value was \$319,000, and the upper quartile value was \$500,001, in 1990. The Menlo Park Board of Realtors estimated that the average sales price for multiple listed homes in 1989 was \$452,778. Census and Board of Realtor data, however, do not reflect the range of housing prices available in the Menlo Park, because the lower and higher prices are not fully represented in the data available. According to local real estate professionals, housing prices in Menlo Park ranged from \$135,000 to \$1,200,000 in 1989. Two-bedroom homes can be found in the eastern part of the city in the \$150,000 price range and some three-bedroom, one-bath homes are priced from \$160,000 to \$175,000. In April, 1990, one local agent estimated that a total of 14 homes were available for sale under \$200,000.

According to the 1990 Census, the median contract rent for renter-occupied housing units in Menlo Park was \$803; the lower quartile contract rent was \$621, and the upper quartile contract rent was \$1,001. According to the Bay Area Council, March 1991 median rents in San Mateo County were \$825 for a two-bedroom apartment. The median advertised rent for two-bedroom apartments in the lowest tenth percentile of all available two-bedroom units in San Mateo County was \$735 per month in January 1991. Since lower priced units are less likely to be advertised, this figure may represent a somewhat high estimated median.

Affordability

According to the California Association of Realtors (CAR), in February 1991, only 17 percent of the households in the San Francisco region could afford to buy the median priced house, whereas 21 percent of the households statewide could. While this is very low, it is considerably better than the affordability rate in February 1990, when only 11 percent of the households could afford to buy the median priced house in the San Francisco region.

While the median income in Menlo Park is similar to the median income for San Mateo County, Menlo Park's income profile is different from the county's in that there is a greater proportion of low-income and high-income persons residing in Menlo Park. According to HUD, the median family income for Menlo Park was \$49,900 in 1991. ABAG's *Projections 90* estimated the mean household income in Menlo Park to be \$50,400 in 1990.

Table III-9 provides an estimate of the price of an affordable house for each income category and the number of Menlo Park households which fall into each category.

A comparison of the income figures presented in Table III-9 with the housing cost estimates discussed in the previous section reveals a serious affordability problem. For example, none of the more than 2,500 very low-income households presently living in Menlo Park can afford the county's median advertised rent for a two-bedroom apartment in the lowest tenth percentile of all available units. Therefore, many must be overpaying for housing. Furthermore, only about half of the city's low-income households can afford the county's overall average rent for a two-bedroom apartment, suggesting that many of these households are also overpaying for housing.

TABLE III-9
INCOME DISTRIBUTION
OF MENLO PARK RESIDENTS

San Mateo County Median Family Income = \$49,990¹

HUD Category	Range	Number of Households	Percent	Annual Income	Mortgage ²	Monthly Payment	Price of ³ Affordable House
Very Low	up to 50%	2,458	21%	\$24,950	\$81,121	\$623	\$90,134
Low	50% to 80%	2,057	17%	39,920	129,794	998	144,215
Median	80% to 100%	1,374	12%	49,900	162,242	1,247	180,269
Moderate	100% to 120%	992	8%	59,880	194,690	1,497	216,323
Above Moderate	120% and above	5,000	42%	\$59,880+	\$194,690+	\$1,497+	\$216,323+
Total		11,881	100%				

Notes: ¹HUD's 1991 estimate of median family income

²Assumes 30-year fixed rate mortgage at 8.5 percent; 30 percent debt-to-income ratio

³Assumes 10 percent downpayment

Sources: U.S. Census Bureau; J. Laurence Mintier & Associates

A significant proportion of low-income residents of Menlo Park are spared from housing affordability problems because they purchased their homes when prices and/or interest rates were lower. This is especially true of many elderly low-income residents. Other low-income residents have undoubtedly benefitted from the below-average-cost housing still available in the eastern part of the city as well as from subsidized units in the city.

The above analysis suggests that low- and moderate-income Menlo Park residents who are not likely to be spending more than the standard 30 percent of their gross incomes on housing are those who occupy subsidized units and those who purchased their homes before the rapid escalation of housing prices in the 1980's. Renters and recent home buyers, as well as prospective home buyers, face serious affordability problems in the existing Menlo Park housing market. This conclusion is supported by ABAG's 1989 *Housing Needs Determinations* estimate that 38 percent of all low-income homeowners and 79 percent of all low-income renters in Menlo Park are presently overpaying for housing (see Table III-10). Although housing price increases slowed somewhat during the last months of 1989, much of this "softening" has been in the upper end of the market while rents and prices for apartments, condominiums, and entry level houses remain firm.

TABLE III-10

OVERPAYMENT FOR HOUSING
LOW INCOME HOUSEHOLDS PAYING MORE THAN 25% OF INCOME ON HOUSING

	Number of Low Income Households Owning	Number of Low Income Households Renting	Number of Low Income Households Overpaying (Owners)	Number of Low Income Households Overpaying (Renters)	Proportion of Low Income Owners Overpaying	Proportion of Low Income Renters Overpaying
Menlo Park	1,388	2,540	721	2,177	52.0%	85.7%
San Mateo County	32,798	50,125	15,328	42,404	46.7%	84.6%
California	1,091,703	2,629,794	574,817	2,262,122	52.7%	86.0%

Source: Mintier & Associates, U.S. Census Bureau

HOUSING NEEDS

Under the state housing element requirement, housing needs are defined in three categories: existing needs, projected needs over a five year planning period, and special needs. As detailed above, existing housing needs in Menlo Park have been identified and are summarized as follows:

- Overcrowding: 559 of the city's units (1990)
- Substandard Units: Approximately 1,000 units need minor to substantial rehabilitation (1990); fewer than 12 units need to be replaced (1990)
- Overpayment: 2,177 of Menlo Park's lower-income renters (1990)
721 of Menlo Park's lower-income owners (1990)

Projected housing needs are the total additional units needed to accommodate the projected population in five years in units that are affordable, in standard condition, and not overcrowded.

Special housing needs focus on the needs of subgroups within the population with special housing requirements. State law requires that all housing elements address the needs of the elderly, the disabled, large families, farmworkers, households headed by single mothers, and families and persons in need of emergency shelter and transitional housing.

Menlo Park's Fair Share of Projected Regional Needs

ABAG breaks down total 1988-1995 housing needs according to the following four income categories: very low, low, moderate, and above moderate. The percentage of households within income categories was determined by ABAG based upon an averaging of the city's percentage distribution with the county's

and region's percentage distributions. ABAG's determination of the need for Menlo Park is shown in Table III-11. Table III-12 breaks down the total projected need according to the four income groups.

TABLE III-11

**EXISTING AND PROJECTED HOUSING NEEDS
1988-1995¹**

Existing ²	1988-90 ³ Projected Need	1990-95 ⁴ Projected Need	Alternative ⁵ Zoning Projected Need	Total ⁶ Projected Need
70	318	259	1,041	1,618

Source: Association of Bay Area Governments, January 1989

Notes: ¹January 1, 1988 to April 1, 1995

²The difference (expressed in housing units) between the number of units actually available in Menlo Park as of January 1, 1988, and the number of units that should have been available as of January 1, 1988, based on an optimal vacancy rate of 4.5 percent. This number is included in the estimate of projected needs.

³The number of units needed to accommodate Menlo Park's projected growth (according to ABAG) for the 1988-1990 period.

⁴The number of units needed to accommodate Menlo Park's growth (according to ABAG) for the 1990-1995 period.

⁵Number of units resulting from changes in zoning deemed required by ABAG to offset any imbalance between job growth and housing availability.

⁶This number includes existing need.

TABLE III-12

**PROJECTED HOUSING NEED BY INCOME CATEGORY
City of Menlo Park
1988-1995**

Very Low ¹	Low ²	Moderate ³	Above ⁴ Moderate	Total
324	259	324	711	1,618
20%	16%	20%	44%	100%

Source: Association of Bay Area Governments

Notes: ¹Units for households earning less than 50 percent of median income

²Units for households earning between 50 and 80 percent of median income

³Units for households earning between 80 and 120 percent of median income

⁴Units for households earning more than 120 percent of median income

For planning purposes, however, these ABAG figures need to be adjusted to reflect the units that were issued building permits between January 1, 1988 (the starting point for ABAG's 1988-1995 needs determination) and January 1990. Table III-13 shows modified need projections based on this adjustment.

TABLE III-13

**ADJUSTED HOUSING NEED PROJECTIONS
BY INCOME CATEGORY
City of Menlo Park
1988-1995**

	Very Low ¹	Low ²	Moderate ³	Above ⁴ Moderate	Total
ABAG Needs Projection	324	259	324	711	1,618
Building Permits ⁵	130 ⁶	0	8 ⁷	77	215
Balance of Need	194	259	316	634	1,403

Source: Association of Bay Area Governments

- Notes:
- ¹ Units for households earning less than 50 percent of median income
 - ² Units for households earning between 50 and 80 percent of median income
 - ³ Units for households earning between 80 and 120 percent of median income
 - ⁴ Units for households earning more than 120 percent of median income
 - ⁵ Permits issued between 1/88 and 12/90
 - ⁶ 130 affordable units in the Gateway Project on Willow Road developed with Redevelopment Agency assistance.
 - ⁷ Eight units in the Mt. Olive Arms Project in the Belle Haven area developed with Redevelopment Agency assistance.

Special Needs

Beyond the general housing needs documented in the previous sections of this chapter, state law requires that the housing element include an assessment of the housing needs of elderly residents, handicapped, large households, and single-parent households. The current number of residents falling into each of these categories is estimated in Table III-14.

TABLE III-14
SUMMARY OF SPECIAL NEEDS
1990

Category	Number
Households with Elderly (65+ years) (living alone)	1,455
Households with Elderly (65+ years) (living with someone)	1,900
Disabled Persons (mobility or self-care limitation)	1,352
Large Households (five or more persons) (living in owner-occupied unit)	534
Large Households (five or more persons) (living in renter-occupied unit)	277
Female Householder with Children (no husband present)	625
Male Householder with Children (no wife present)	136
Persons in Homeless Shelters	101
Persons Visibly Living in Street Locations	18

Sources: U.S. Census Bureau; Menlo Park Development Services

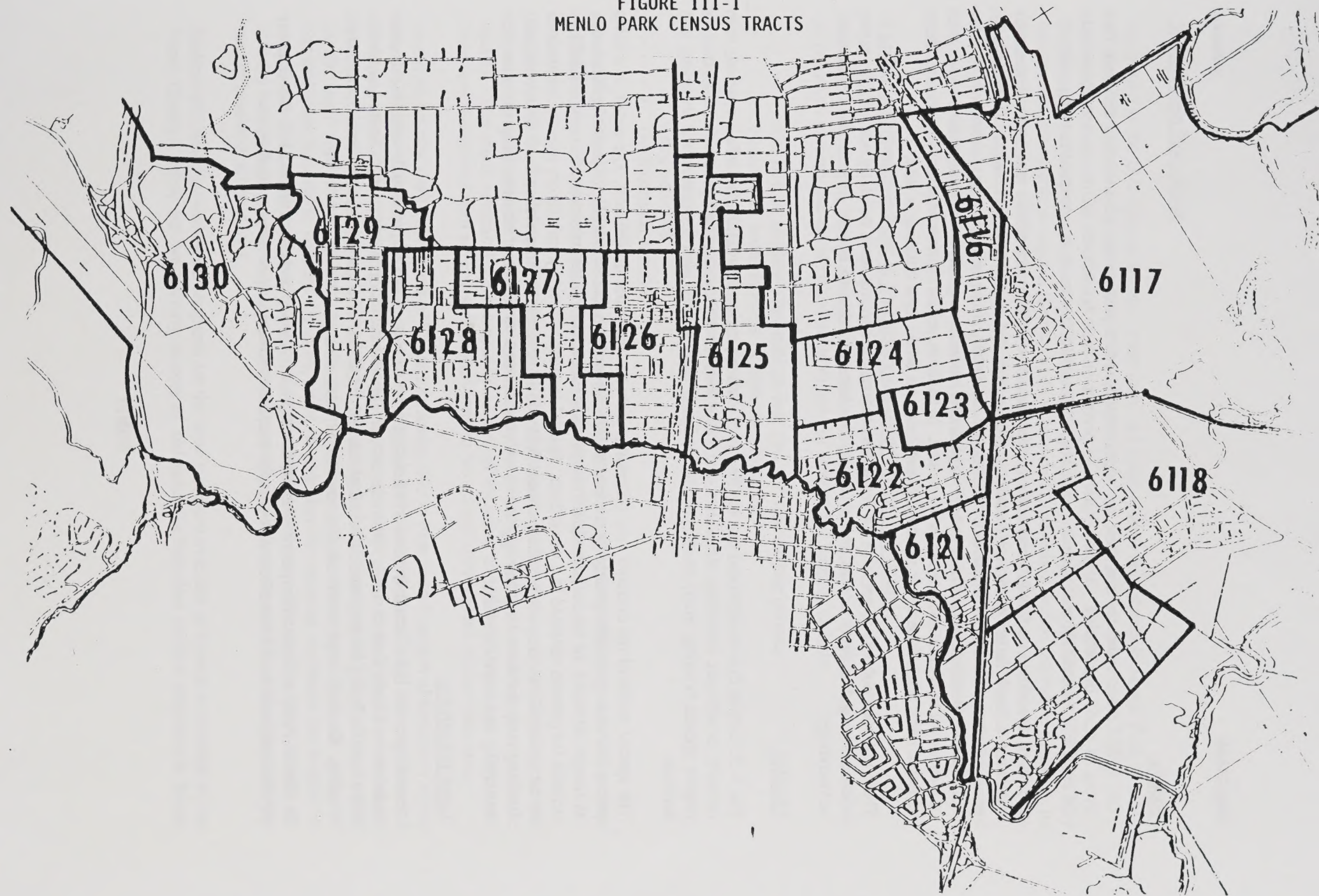
The following sections describe the housing needs of these groups in more detail. Table III-15 reports special needs by census tract based on the 1990 Census.

TABLE III-15
SPECIAL NEEDS BY CENSUS TRACT
1990

Census Tract	Elderly Living Alone	Elderly Living w/ Someone	Large Household Owner-occupied	Large Household Renter-occupied	Female Householder w/Child	Male Householder w/Child	Persons in Homeless Shelter	Persons Homeless in Street Locations
6103	0	0	0	0	0	0	0	0
6114	0	0	0	0	0	0	0	0
6116	69	118	37	10	41	13	47	0
6117	96	232	231	192	310	55	0	18
6118	0	0	0	0	0	0	0	0
6121	23	26	6	4	16	1	0	0
6122	126	164	59	15	58	21	0	0
6123	0	1	0	1	0	0	0	0
6124	0	0	0	0	0	0	0	0
6125	276	244	27	14	56	9	0	0
6126	440	221	20	16	57	18	54	0
6127	89	208	58	7	27	5	0	0
6128	108	257	64	11	20	10	0	0
6129	38	51	2	5	23	3	0	0
6130	190	378	30	2	21	3	0	0
Total	1,455	1,900	534	277	629	138	101	18

Source: U.S. Census Bureau

FIGURE III-1
MENLO PARK CENSUS TRACTS



Elderly

The 1990 Census estimates that there are approximately 5,018 persons age 65 and older in Menlo Park living in 3,355 households. Approximately 43 percent of these households are one-person households. Of the 3,355 households with elderly persons, 963 households are in renter-occupied housing units.

For those retired and on fixed incomes, the costs of homeownership, particularly maintenance, generally constitute a much larger portion of monthly income than for employed homeowners. Consequently, needed maintenance is often deferred, resulting in unpleasant, if not unsafe living conditions. In some instances home maintenance costs can be overwhelming, necessitating sale and relocation after many years of attachment to friends and neighbors in the area. In addition, senior citizens who are long-term residents of rental units often experience substantial rent increases when their building is sold.

There is a need not only to preserve for future generations the housing stock currently occupied by senior citizens but also a need to ensure that elderly residents are able to remain in safe and comfortable surroundings.

Disabled

The U.S. Census Bureau estimated that in 1990 there were approximately 1,352 Menlo Park residents with mobility or self-care limitation disabilities (see Table III-14). Although not all persons with disabilities require special housing, many need specially designed units located near transportation, shopping, and services.

The special needs of the disabled vary depending upon the particular disabilities. The needs of a blind person, for example, differ greatly from those of persons confined to a wheelchair. Special facilities such as ramps, elevators, or specially designed restrooms are architectural features needed to make dwellings suitable for persons confined to a wheelchair. Special features needed by ambulatory persons constrained by other disabilities may not be architectural. Instead, these might be simple alterations to conventional dwelling units for furnishing and appliances which make ordinary tasks of housekeeping and home life less trying and more enjoyable.

Large Households

According to the U.S. Census Bureau, 811 housing units were occupied by households with five or more members in Menlo Park in 1990. Of these, 34 percent were renter-occupied. Large renter households often have difficulty finding suitable housing. Large families suffer disproportionately from overcrowded housing. In short, large renter families need large rental units.

In Menlo Park, a project completed with Redevelopment Agency assistance in 1988 at the Gateway Apartments includes 28 three-bedroom units to accommodate large, low-income families.

Single-Parent Households

According to the U.S. Census Bureau, there were 761 single-parent households in Menlo Park in 1990. Of these, 82 percent are female-headed households.

Single parents often face significant difficulties finding and maintaining housing, because generally, only one income is available to support the needs of the household and only a limited amount of funds can be allocated to housing. While some of these households may find housing assistance through the Section 8 Rental Assistance Program, many others are victims of high rent and/or overcrowded conditions. Although there is a continuing need for affordable rental housing for small families, there is also a need for shared housing and group living alternatives where single-parent families can share not only space but child care and other resources as well.

Families and Persons in Need of Emergency Shelter or Transitional Housing

Throughout the country, homelessness has become a major concern. Factors contributing to the increase in homeless persons and families and those in need of transitional housing include:

- The lack of housing affordable to very low and low income persons
- Increases in unemployment or under-employment
- Reductions in government subsidies
- Deinstitutionalization of the mentally ill
- Domestic violence
- Drug addiction
- Dysfunctional families

According to the U.S. Census Bureau, there were 101 persons living in homeless shelters and 18 persons visible in street locations in Menlo Park at the time of the 1990 Census.

In July 1986 the San Mateo County Department of Community Services surveyed 29 social service agencies that deal with the homeless in order to estimate the total number of homeless per year in the county. That study estimated the countywide number of homeless at 5,000-6,000 persons. Telephone interviews conducted with several service providers in November 1989 yielded similar estimates.

Based on January 1989 Department of Finance estimates, Menlo Park has 4.9 percent of the county's total population. Assuming that the city's share of the county's homeless population is the same as its overall percentage, and applying the five percent rounded figure to the county-wide homeless estimate, results in an estimated homeless population of 250-300 per year in Menlo Park. Based on the information contained in the study cited above, an estimated 40 percent of these people are single individuals while the remainder are persons in families. It is important to note that this estimate represents the number of people who find themselves homeless at some point within a given year. The number of people who are actually homeless on any particular day will be substantially lower because many homeless people do not remain homeless all year long.

Shelters and homeless assistance programs are the main resources available to homeless residents of San Mateo County. There are two primary sources of assistance for homeless persons programs in Menlo

Park. There is a shelter located at 260 Van Buren (Haven Family House) which can accommodate eleven families. This accounts for the 47 person reported by the U.S. Census to be living in a homeless shelter in Census Tract 6116. There is also the Veterans Administration Hospital on 795 Willow Road which operates several programs that serve homeless persons. Programs at the Veterans Administration Hospital include the Homeless Veterans Rehabilitation Program which has a 53-bed facility serving homeless persons and five drug and alcohol treatment programs each of which have 30 beds. The drug and alcohol treatment facilities are open to all veterans, not just homeless veterans, but according to program administrators, most persons served by the facilities are homeless. Presumably, the Veterans Administration Hospital programs account for the 54 persons reported by the U.S. Census to be living in a homeless shelter in Census Tract 6126.

There are also two additional transitional housing shelters operating within San Mateo County serving homeless families with children. Based on the number of clients served during the first five months of 1988, these shelters served an estimated 1,130 people in 1988. There are also several more specialized shelters for persons with substance abuse problems and mental illness, for victims of domestic violence, and for veterans. These shelters served approximately 550 persons in 1988. Finally, the county's temporary "winter shelter" served 457 people in the winter of 1988. Collectively, therefore, existing shelters in San Mateo County served an estimated total of 2,137 people in 1988. The County's three main homeless assistance programs (Salvation Army, AFDC and Community Action Agency) served a combined total of 3,649 homeless persons in 1988, based on estimates derived from figures contained in the Comprehensive Homeless Assistance Plan for San Mateo County. Combining the estimated number of people served by shelters with the number of residents receiving funds from homeless assistance programs results in a total estimate of 5,786 homeless persons who received some form of assistance in San Mateo County in 1988.

If the shelters and assistance programs discussed above were evenly distributed throughout the county's homeless population, and if they provided adequate levels of assistance to resolve these persons' housing problems, then it could be argued that existing programs are adequate to meet the needs of the county's estimated homeless population. This is not the case. Most of the county's shelters and assistance programs are temporary in nature and are not designed to address ongoing housing affordability problems. Moreover, some of the homeless benefit from more than one program, while others receive no assistance at all, resulting in double-counting though accurate estimates of how many are over-served and under-served are impossible to derive. While there does not appear to be a significant discrepancy between the number of homeless persons in the county and the number of persons receiving assistance, there are still unmet needs in terms of the adequacy of benefits provided by existing programs and their availability throughout the county.

The above analysis suggests that while most of the city's homeless residents probably receive some form of assistance, the assistance may be inadequate to fully resolve their shelter needs. Rather than a shortage of existing programs, the City and County are confronted by limited program effectiveness in the face of the growing needs of the homeless. Programmatically, therefore, Menlo Park should focus on augmenting existing programs.

ASSISTED HOUSING DUE TO CONVERT TO MARKET-RATE HOUSING

Starting in 1992, housing elements are required by state law to include an analysis of assisted multifamily housing units due to convert to market-rate housing. The analysis is to cover the period starting at the statutory date for housing element revision and run for the following 10-year period. The statutory revision date for Menlo Park's Housing Element was July 1, 1990; the end of the required 10-year period for analysis of assisted housing units is, therefore, July 1, 2000. Most low- and moderate-income housing units assisted through either a federal, state, or local housing program qualify as assisted housing. The analysis should include information regarding the earliest date of subsidy termination, the estimated cost of preserving the low-income status of the units, the estimated cost of replacing the units, and an analysis of financial options for funding preservation or replacement of the units.

Federally-Subsidized Projects

There is one subsidized, very low-income multifamily project in Menlo Park for which the subsidy is due to expire by 2000. The California Housing Partnership Corporation report entitled *Inventory of Federally-Subsidized Low-Income Units At Risk of Conversion* lists Crane Place at 1331 Crane Place in Menlo Park as a Department of Housing and Urban Development (HUD) project for which the earliest date of subsidy termination is November, 1999. Crane Place is a Section 8 project owned by Peninsula Volunteers, which is a local non-profit organization.

Crane Place was built in 1979 under the Section 8 New Construction Program which provides a rental subsidy to the residents. Residents pay 30 percent of their income towards the rent and the Section 8 program pays the difference between the resident's share and fair market rent. The total rent is sufficient then to operate and make the mortgage payment for the development.

As of 1982, residents were required to be very low income, handicapped, displaced, or disabled. In addition, Peninsula Volunteers has chosen to restrict residents to those age 62 or older.

To preserve these units as assisted units the owner must find a source of subsidy to replace the Section 8 subsidy that will terminate in 1999. To subsidize the rents would cost approximately \$375,400 per year assuming the average income is 40 percent of median income with residents paying about 60 percent of the rent. If the tenants share of rent is increased it is likely that most of the residents will not be able to afford the rent and will be displaced. Peninsula Volunteers is currently negotiating with the Department of Housing and Urban Development (HUD) to allow a portion of the substantial replacement reserve to be used to pay down the mortgage to a level that would allow rents to be maintained at current levels.

To replace the 93 units with new housing would require an upfront subsidy of approximately \$6,800,000 or \$73,000 per unit. Rental subsidy for ten years would be approximately \$3,754,000. Table III-16 presents the replacement analysis completed for Crane Place.

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TABLE III-16

CRANE PLACE REPLACEMENT ANALYSIS

1991 Income Limits (San Francisco PMSA)			1-Person Household	2-Person Household	
Median Income			\$37,500	\$42,900	
50 Percent of Median Income			\$18,750	\$21,450	
Rent			\$469	\$536	
Unit Mix, Rent, and Income Schedule					
Unit Type	Number	Size (s.f.)	Total s.f.	Rent	Annual Income
Studio	60	400	24,000	\$469	\$337,680
1 Bedroom	33	600	19,800	\$536	\$212,256
Total	93		43,800		\$549,936
Vacancy (3 percent per year)					\$16,498
Operating Expenses (\$2,100 per unit)					\$195,300
Net Operating Income					\$338,138
Annual Debt Service (95 percent of Operating Income)					\$321,231
Cash Flow					\$16,907
Uses of Funds				Cost per Unit	Total Cost
Land Cost (39,204 s.f. @ \$25 per s.f.)				\$10,539	\$980,100
Development (\$43,800 s.f. @ \$85 per s.f.)				\$40,032	\$3,723,000
Total Project (93 units)				\$104,548	\$4,703,100
Source of Funds					
First Mortgage (9.5 percent, 30-year term)				\$33,962	\$3,158,483
Gap (Total cost minus first mortgage)				\$16,609	\$1,544,617
Total Project				\$104,548	\$4,703,100

Notes: ¹Median Income for 1 Person = \$37,500; 2 Persons = \$42,900

Source: The Consulting Group

Locally-Subsidized Projects

The City of Menlo Park has a housing department and a redevelopment agency that have been active in affordable housing programs. There are, therefore, several locally-subsidized multifamily projects that were investigated to determine if they qualified for analysis under the new state law requirements. These are described below. Upon completion of the investigation, however, it was concluded that none of the projects fell under requirements of the new state law.

Gateway Apartments

Gateway Apartments is a 130-unit multifamily rental housing project built by the Mid-Peninsula Housing Coalition through a contract with the City's Redevelopment Agency. The units are owned by the Mid-Peninsula Housing Coalition. The project was completed in 1988 and must remain affordable to low-income households through the year 2003 (when the Section 8 Moderate Rehabilitation Program subsidy expires). In addition, the City has a separate agreement with the owners that requires affordability to continue for 55 years. No further analysis was done for this project because the affordability requirement runs beyond the required 10-year period for this analysis.

Mt. Olive Arms

Mt. Olive Arms is an eight-unit multifamily project owned by the Mt. Olive A.O.H. Church of God. The project was assisted by the City's Redevelopment Agency, and all units are rented to low- and moderate-income households. The project was completed in 1988, and the affordability requirement runs until the year 2003. No further analysis was done for this project because, like the Gateway Apartments, the affordability requirement runs beyond the required 10-year period for this analysis.

Willow Terrace

Willow Terrace is a 23-unit project owned and subsidized solely by the Mid-Peninsula Housing Coalition. The project received project-based Section 8 assistance, and the units are rented to Section 8 certificate holders. Because there is no direct rental subsidy, however, this project does not qualify as an assisted project for the purposes of complying with the new state law. No further analysis was done for this project, but the City will investigate ways that it can assist project owners so that this project can remain a resource for lower- and moderate-income households.

San Mateo County Rental Rehabilitation Loan Program

There are a total of 12 units in Menlo Park that still participate in this program. All units were rehabilitated between 1985 and 1990 and are under a 10-year obligation to accept Section 8 vouchers from low-income households. Because there is no direct rental subsidy, however, these units do not qualify as assisted projects for the purposes of complying with the new state law. No further analysis was done for these units, but like Willow Terrace, the City will investigate ways keep these units available to low- and moderate-income households.

AVAILABILITY OF LAND AND SERVICES FOR RESIDENTIAL DEVELOPMENT

Inventory of Sites Suitable for Residential Development

In conjunction with development of this housing element, City staff prepared a detailed inventory of all vacant and underutilized sites that appeared to have some potential for the development of housing. The inventory of sites is organized into three lists. The first list (Table III-17) consists of those parcels that are currently zoned for residential development. Two sites on this list are targeted for rezoning for higher density residential use and are identified in Table III-17 with an asterisk. Collectively, the sites on this list could accommodate 736 new dwelling units or 728 new dwelling units excluding the two residential sites noted for rezoning to higher-density residential use. In addition, the City's BMR program provides a density bonus of one addition bonus unit for each BMR unit built on site, with a maximum 15 percent density bonus possible. The number of bonus units that could be obtained in the course of developing the existing residential sites is conservatively estimated to be 33 units assuming a 10 percent density bonus. The number of bonus units could be higher if the full 15-percent density bonus is realized.

The second list (Table III-18) consists of those parcels that could potentially be rezoned for medium- or high-density residential use (R-3 or R-4). Included in this list are commercially- and industrially-zoned parcels and the two residentially-zoned parcels that were identified in the previous table (Table III-17). Collectively, the sites on this list could accommodate 466 new dwelling units. In addition, approximately 41 BMR bonus units could be obtained in the course of developing these rezoned sites (again assuming 10 percent density bonus).

The third list (Table III-19) consists of those parcels currently zoned for industrial use that were considered for residential use, but were deemed inappropriate for rezoning for residential use. All sites were rejected because of their proximity to existing hazardous or otherwise incompatible uses.

TABLE III-17

EXISTING RESIDENTIALLY ZONED SITES

June 1992

(APNs designated with asterisk are targeted for rezoning and also appear in Table III-18)

APN	ADDRESS	ZONING	PARCEL SIZE	EXISTING USES	ADJACENT USES	EXISTING POTENTIAL UNITS	BMR BONUS UNITS
074-160-260	1161 Trinity	R-E-S	26,450 s.f.	Vacant	Residential estates	1	0
071-111-200	1843 Santa Cruz	R-1-S	4,770 s.f.	Vacant	Cemetery, single family residential	1	0
071-111-350	1850 Stanford Ave	R-1-S	3,260 s.f.	Vacant	Single family residential	1	0
071-192-090	Adjacent to 1680 Bay Laurel Drive	R-1-S	13,330 s.f.	Vacant	Single family residential, riparian corridor	1	0
071-192-070	Adjacent to 1680 Bay Laurel Drive	R-1-S	18,680 s.f.	Vacant	Single family residential, riparian corridor	1	0
071-192-280	Adjacent to 1655 Bay Laurel Drive	R-1-S	14,520 s.f.	Vacant	Single family residential, riparian corridor	1	0
074-312-?	Rural Ln at Alpine Rd	R-1-S	3.44 ac.	Vacant	Single family residential, golf	14	1
071-072-190	1220 Arbor Rd	R-E	27,440 s.f.	Vacant	Residential estates	1	0
062-303-160	615 Woodland Ave	R-1-U	6,510 s.f.	Vacant	Single family residential, park	1	0
062-331-280	3 Russell Ct	R-1-U	9,610 s.f.	Vacant	Single family residential, park	1	0
062-331-230	4 Russell Ct	R-1-U	6,970 s.f.	Vacant	Single family residential, park	1	0

(Table page 1 of 4)

APN	ADDRESS	ZONING	PARCEL SIZE	EXISTING USES	ADJACENT USES	EXISTING POTENTIAL UNITS	BMR BONUS UNITS
074-120-110*	2160 Santa Cruz	R-2	26,143 s.f.	SF Res.	Single family residential and multi-family residential, retirement units	7	0
060-344-270	133 Encinal Ave	R-3	75,643 s.f.	Nursery	S&L, Residential	30	3
062-093-440	1105 Willow Rd	R-3	9,065 s.f.	Vacant	Apartments, freeway	2	0
062-093-470	1141 Willow Rd	R-3	9,000 s.f.	Vacant	Apartments, freeway	2	0
062-013-180 and 062-013-190	No. ? Pierce Rd	R-3	10,440 s.f.	Vacant	Residential, freeway	3	0
062-013-180	Adjacent to 335 Pierce Rd	R-3	9,900 s.f.	Vacant	Apartments, freeway, single family residential	2	0
062-013-190	Adjacent to 365 Pierce Rd	R-3	3,300 s.f.	Vacant	Apartments, freeway, single family residential	1	0
062-021-070	Adjacent to 485 Pierce Rd	R-3	4,945 s.f.	Vacant	Apartments, freeway, single family residential	1	0
062-073-320	Adjacent to 647 Pierce Rd	R-3	2,790 s.f.	Vacant	Apartments, freeway, single family residential	1	0
062-073-330	Adjacent to 647 Pierce Rd and 1103 Hollyburne Ave	R-3	2,790 s.f.	Vacant	Apartments, freeway, single family residential	1	0
062-074-010	Adjacent to 711 Pierce Rd and Hollyburne Ave	R-3	2,790 s.f.	Vacant	Apartments, freeway, single family residential	1	0
062-074-020*	Adj. to 1108 Hollyburne Ave	R-1-U	8,926 s.f.	Vacant	Apartments, freeway, single family residential	1	0
062-021-070	Pierce Rd.	R-3	4,930 s.f.	Vacant	Apartments, freeway, single family residential	1	0
062-074-340	Adjacent to 731 Pierce Rd	R-3	2,760 s.f.	Vacant	Apartments, freeway, single family residential	1	0

APN	ADDRESS	ZONING	PARCEL SIZE	EXISTING USES	ADJACENT USES	EXISTING POTENTIAL UNITS	BMR BONUS UNITS
062-074-330	741 Pierce Rd	R-3	2,850 s.f.	Vacant	Apartments, freeway, single family residential	1	0
062-074-350	751 Pierce Rd	R-3	9,029 s.f.	Vacant	Apartments, freeway, single family residential	2	0
063-093-460	1116 Carlton	R-1-U	6,000 s.f.	Vacant	Single family residential	1	0
055-395-020	850 Hamilton	R-3	13,384 s.f.	Vacant	Apartments, neighborhood commercial, single family residential, industry	4	0
055-371-240 and 055-371-250	620 Hamilton	R-1-U	5,784 s.f.	Vacant	Single family residential, rail line, industry	1	0
055-342-490	Adjacent to 1310 Chilco	R-1-U	4,906 s.f.	Vacant	Single family residential	1	0
Various	St. Patrick's	R-1-S	46 acres	Vacant	Single family residential, office, seminary	145	14
Various	St. Patrick's (remainder)	R-1-S	42 acres	Vacant	Single family residential, office, seminary, public facility	137	13
Various	Fremont Street	R-3	(Infill and underutilized sites)	Apartments	Multi-family residential	40	0
Various	North of Downtown	R-C	(Infill and underutilized sites)	Single and multi-family residential, commercial	Single and multi-family residential, commercial	42	0
Various	South of Downtown	R-3-C	(Infill and underutilized sites)	Single and multi-family residential, commercial	Single and multi-family residential, commercial	24	0

APN	ADDRESS	ZONING	PARCEL SIZE	EXISTING USES	ADJACENT USES	EXISTING POTENTIAL UNITS	BMR BONUS UNITS
Various	Single Family Residential Districts	R-1	(Infill and Lot Splits)	Single family residential	Single family residential	190	0
Various	Partridge/ Cambridge Avenues	R-2	(Infill)	Single family residential	Single family residential	50	0
062-370-410	600 Willow Rd	R-3-X	61,920 s.f.	Vacant commercial building	School, general commercial, hospital, apartments	20	2
Total Potential						736	33
Total Potential minus rezoned lots (parcels with asterisk)						728	33

Source: City of Menlo Park; Martin, Carpenter Associates; and J. Laurence Mintier & Associates

TABLE III-18

SITES FOR POSSIBLE REZONING¹
June 1992

(APNs designated with asterisk are existing residential sites and also appear in Table III-17)

APN	ADDRESS	ZONING	PARCEL SIZE	EXISTING USES	ADJACENT USES	EXISTING POTENTIAL	POTENTIAL UNITS		
							R-3 Density (18.5 du/acre)	R-4 Density (40 du/acre)	BMR BONUS UNITS
SAND HILL ROAD									
074-120-110*	2160 Santa Cruz	R-2	26,143 sf	Single family residential	Single family and multi-family residential, retirement units	7	n/a	24 ²	2
EL CAMINO REAL CORRIDOR									
061-430-200	560 Derry Ln	C-4	80,941 sf	Auto Storage	Commercial, R-3	0	33	n/a	3
061-441-010	1001 Merrill St	C-4	27,130 sf	Vacant	Commercial	0	8	n/a	0
060-344-260	1600 El Camino Real	C-1-A	104,593 sf	Vacant	S&L, nursery	0	44	n/a	4
MIDDLEFIELD ROAD AREA									
062-390-740	NE corner of Laurel St/ Burgess Drive	C-1-X (SRI)	96,409 sf	Vacant	Office, R&D, residential	0	41	n/a	4

¹The potential units reported in this table are over and above those units reported in the Public Review Draft Housing Element. The maximum R-3 density allowed is 18.5 dwelling units per acre, and this is consistent with the Draft General Plan. The R-3 units reported in this table are based on a density determined by the lot size as stated in the Zoning Ordinance.

²This includes 2 existing units on this site, therefore the net number of new units is 22 units.

APN	ADDRESS	ZONING	PARCEL SIZE	EXISTING USES	ADJACENT USES	EXISTING POTENTIAL	POTENTIAL UNITS		
							R-3 Density (18.5 du/acre)	R-4 Density (40 du/acre)	BMR BONUS UNITS
062-390-660	SW corner of Ravenswood Ave/ Middlefield Rd.	C-1-X (SRI)	96,946 sf	Vacant	Office, R&D, residential	0	41	n/a	4
BELLE HAVEN/WILLOW ROAD AREA									
Willow Road									
062-370-400	620 Willow Rd	P-F	113,435 sf	Vacant	School, commercial, residential	0	48	n/a	4
Vacant Properties on Pierce Rd between Willow Rd and Del Norte Ave									
062-074-020*	Adj. to 1108 Hollyburne Ave	R-1-U	8,926 sf	Vacant	Apartments, freeway, single family residential	1	2	n/a	0
East side of Hamilton between Willow Rd and Chilco St									
055-398-020	777 Hamilton Ave	M-2	20,000 sf	Vacant	Industry, single family residential, rail	0	6	n/a	0
055-341-170	551 Hamilton Ave	M-2	8,000 sf	Vacant	Industry, single family residential, rail	0	2	n/a	0
055-341-180	555 Hamilton Ave	M-2	7,046 sf	Vacant	Industry, single family residential, rail	0	2	n/a	0
055-341-200	Adj to 555 Hamilton Ave	M-2	6,250 sf	Vacant, Garden	Industry, single family residential, rail	0	2	n/a	0
055-341-190	Adj to 555 Hamilton Ave	M-2	5,950 sf	Vacant, Garden	Industry, single family residential, rail	0	2	n/a	0

APN	ADDRESS	ZONING	PARCEL SIZE	EXISTING USES	ADJACENT USES	EXISTING POTENTIAL	POTENTIAL UNITS		
							R-3 Density (18.5 du/acre)	R-4 Density (40 du/acre)	BMR BONUS UNITS
Various	Hamilton Avenue	M-2	10.8 ac.	Industrial	Industry, single family residential, rail	0	133	n/a	13 ¹
Terminal Avenue between Chilco St and Beechwood School									
055-260-170	Chilco St	N/A	2.0 ac.	Vacant	Single family residential, rail	0	36	n/a	3
	West side of SPRR between Hamilton Avenue and Chilco St.	N/A	2.27 ac.	Vacant	Single family residential, rail	0	42	n/a	4
Total						8	442	24	41

¹This assumes that the various sites that make up the 10.8 acres are developed as a single project. If sites are developed separately, then fewer than 13 bonus units may result.

FIGURE III-2
VACANT SITES FOR RESIDENTIAL USE

SAND HILL ROAD CORRIDOR



EL CAMINO REAL CORRIDOR
AND MIDDLEFIELD ROAD AREA

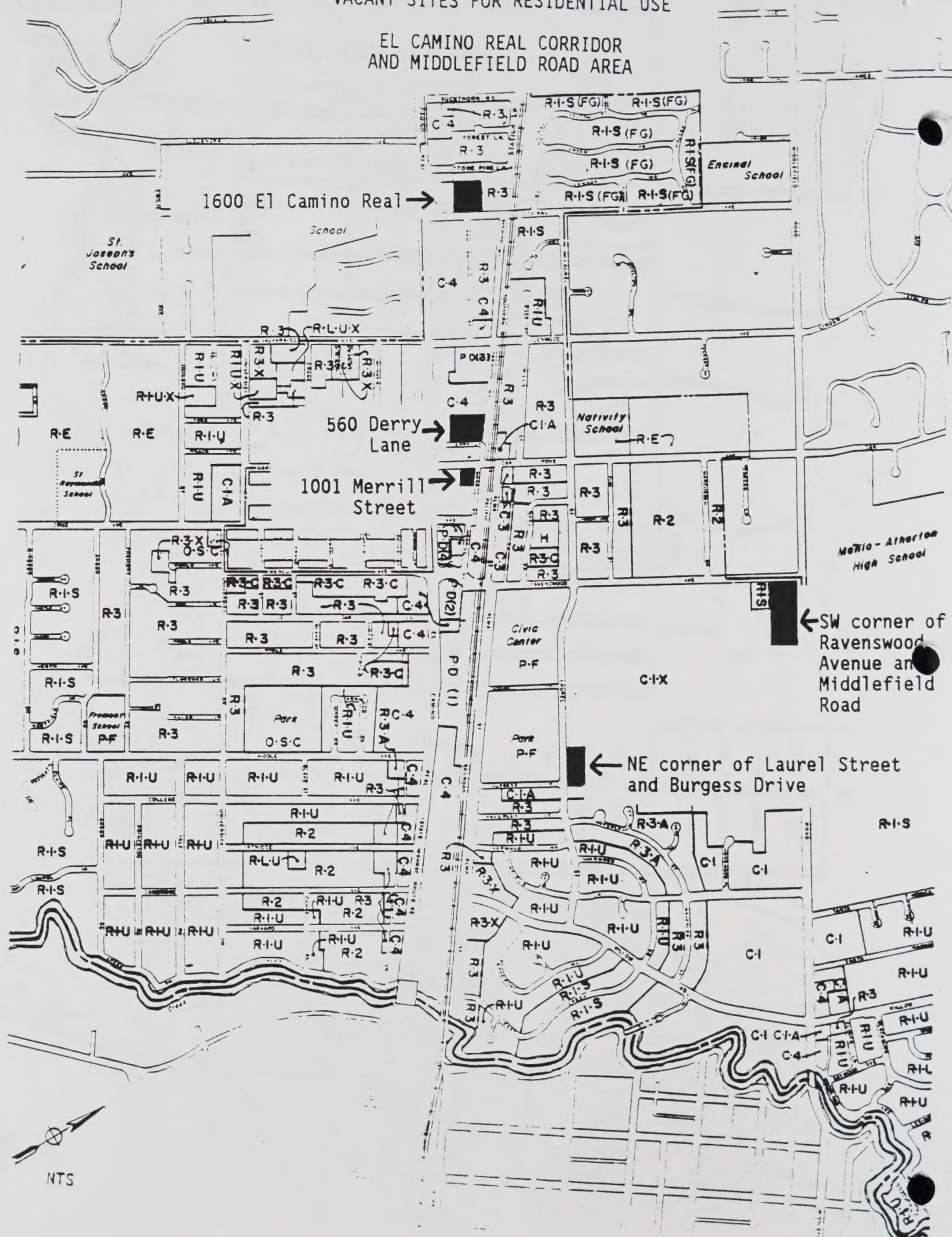
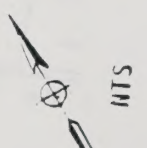


FIGURE III-2
VACANT SITES FOR RESIDENTIAL USE

WILLOW ROAD AREA



NTS

FIGURE III-2
VACANT SITES FOR RESIDENTIAL USE

BELLE HAVEN AREA

LAND FILL

NTS



TABLE III-19
INDUSTRIAL SITES REVIEWED AND REJECTED FOR POSSIBLE REZONING
June 1992

APN	ADDRESS	ZONING	PARCEL SIZE	EXISTING USES	ADJACENT USES	POTENTIAL UNITS
055-231-010	3740 Haven Ave	M-2	102,880 s.f.	Vacant	Industry, landfill, freeway	0
055-235-050	Adjacent to 100 Independence Dr	M-2	55,180 s.f.	Vacant	Industry, freeway	0
055-234-240	Adjacent to 115 Constitution Dr	M-2	81,220 s.f.	Vacant	Industry, freeway	0
055-243-220	180 Jefferson Dr	M-2	144,770 s.f.	Vacant	Industry	0
055-243-170	190 Jefferson Dr	M-2	86,180 s.f.	Vacant	Industry	0
055-243-160	220 Jefferson Dr	M-2	155,310 s.f.	Vacant	Industry	0
055-243-200	Adjacent to 220 Jefferson Dr	M-2	80,600 s.f.	Vacant	Industry, rail line	0
SPRR R-O-W	1520 Willow Rd	M-2	256,680 s.f.	Vacant	Industry, rail line	0
Total						0

Source: City of Menlo Park; Martin, Carpenter Associates; and J. Laurence Mintier & Associates

Table III-20 reorganizes the information contained in Tables III-17 and III-18 according to zoning categories. The table shows a total potential of 1,194 dwelling units.

TABLE III-20

SUMMARY OF VACANT LAND BY RESIDENTIAL ZONING DISTRICT

Zoning District	Minimum Net Lot Area per Unit	Area	DU Potential w/out Rezonings	DU Potential w/ Rezonings
Existing Potential (from Table III-17)¹				
R-E	20,000 s.f.	27,440 s.f.	1	1
R-E-S	15,000 s.f.	26,450 s.f.	1	1
R-1-S	10,000 s.f.	65.7 acres	301	301
R-1-U	7,000 s.f.	48,706 s.f.	7	6
R-2	3,500 s.f.	26,143 s.f.	7	0
R-3	3,333 to 2,350 s.f. ²	3.8 acres	53	53
R-3-X	(per Conditional Development Permit)	61,920 s.f.	20	20
Miscellaneous ³			346	346
Subtotal		73.9 acres	736 units	728 units
Parcels Rezoned to R-3 (from Table III-18)				
R-1-U to R-3	3,333 to 2,350 s.f. ²	8,926 s.f.	0 ⁴	2
C-1-A to R-3	3,333 to 2,350 s.f. ²	104,593 s.f.	0	44
C-1-X to R-3	3,333 to 2,350 s.f. ²	4.4 acres	0	82
C-4 to R-3	3,333 to 2,350 s.f. ²	2.5 acres	0	41
P-F to R-3	3,333 to 2,350 s.f. ²	113,435 s.f.	0	48
M-2 to R-3	3,333 to 2,350 s.f. ²	11.9 acres	0	147
Chilco Site to R-3	3,333 to 2,350 s.f. ²	1.7 acres	0	36
West of SPRR	3,333 to 2,350 s.f. ²	2.3 acres	0	42
Subtotal		28.0 acres	0 units	442 units
Parcels Rezoned to R-4 (from Table III-18)				
R-2 to R-4	1,089 s.f.	26,143 s.f.	0 ⁴	24
Subtotal		26,143 s.f.	0 units	24 units
Total Rezonings		28.6 acres	0 units	466 Units
Grand Total		101.7 acres⁵	736 units	1,194 Units

Source: City of Menlo Park; J. Laurence Mintier & Associates

¹The dwelling unit potential with rezonings is less than the dwelling unit potential without rezonings because selected residential sites (sites marked with an asterisk in Tables III-17 and III-18) would be rezoned to higher density. The existing potential on these sites is discounted in this section of the table and is recalculated at a higher density in later sections to avoid double counting of dwelling units.

²Maximum density allowed; as lot size increases, the minimum net lot area per unit decreases.

³Miscellaneous potential consists of those sites in Table III-17 for which no parcel size is listed.

⁴The existing potential for this acreage is included in existing potential (top part of table). This number is not repeated here to avoid double counting.

⁵101.7 acres = 73.9 acres (existing residential acres) + 28 acres (rezoned to R-3) + .6 acres (rezoned to R-4) - .8 acres (existing residential acres rezoned to higher densities).

Availability of Services

Streets and Highways

Freeways, expressways, and state highways that run through Menlo Park experience heavy congestion over an extended peak period. Because these routes are the primary responsibility of Caltrans, the City has limited control over their operation.

According to the Environmental Impact Report for the City's proposed amendment to the Land Use and Circulation Elements, some local major arterials are expected to experience Level of Service F in the future. The City is proposing adoption of Level of Service D as a standard for acceptable traffic congestion and will work to achieve this goal through its capital improvement plan.

Water and Sewer Availability

Menlo Park derives its water supply from the City of San Francisco-operated Hetch Hetchy water system, wells, and a reservoir. Potable water is delivered to residents and businesses in the city by the City of Menlo Park Municipal Water Department, the California Water Service Company, the O'Connor Tract Mutual Water Company, and the San Mateo County Water District. During recent drought years residents and businesses have installed permanent water-conserving plumbing fixtures, modified landscape irrigation practices, and instituted other measures that will keep their consumption lower than pre-drought levels. Also, personal habits have changed and people are very conscious of the need to conserve water. Based on these observations and the current rate of the development, it is estimated that the City Water Department's demand for water may reach its current allocation in the early 2000's.

The City commissioned a study to investigate groundwater and water storage options. The 1989 study's recommendations included interconnecting the city's water system with those of nearby water agencies for emergencies and greater reliability, developing storage facilities, and examining of potential siting and yield from wells more closely. The City has instituted a special fee as a funding source to provide the interconnections and develop a well/storage system. In conjunction with adjacent cities, water agencies, and the South Bayside System Authority, the City is considering a project to construct a system of pumps and piping to furnish reclaimed water for golf courses and industrial users. In addition to the groundwater and reclamation studies, the City in conjunction with the Bay Area Water Users Association is exploring opportunities for enhanced water conservation and additional supply by connections with the State Water Project.

In terms of sewer capacity, the present system capacity is greater than demand. Certain lines within the city are overloaded during peak flow periods. The Sewer District has a capital improvement program to correct these deficiencies. If drought conditions were to continue into the long term future and the Sanitary District was not able to relieve overloaded peak flow conditions, the lack of sewer system capacity could act as a constraint on the construction of affordable housing in Menlo Park.

Schools

Menlo Park is served by Menlo Park, Las Lomas, and Ravenswood School Districts. High school students attend schools operated by the Sequoia Union High School District. Many of schools serving

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the area are at or near capacity, and enrollment is expected to increase. The school districts are responding to this need by instituting school impact fees, and some districts are proposing to reopen closed facilities to meet anticipated demand.

GOVERNMENTAL CONSTRAINTS TO PRODUCTION OF HOUSING

The general plan and zoning ordinance of a community are its two primary tools for planning and regulating land use.

General Plan

The City of Menlo Park is in the process of updating the Land Use and Circulation Elements of its General Plan. The General Plan reveals that the most significant constraint to housing development is land availability.

Zoning Ordinance

The City of Menlo Park Zoning Ordinance designates land uses, height, bulk, density and parking standards throughout the city. The ordinance provides for a variety of residential uses with densities up to 18.5 dwelling units per acre. Moreover, the ordinance contains numerous provisions to facilitate housing affordability such as mixed-use zoning.

The city is primarily a residential community with over 1,000 acres of land zoned for single family residential and approximately 340 acres zoned for multi-residential. There are four different single family zoning classifications which are differentiated by lot size requirements. The R-E Residential Estate District requires a minimum lot size of 20,000 square feet; the R-E-S Residential Estate Suburban District requires 15,000 square feet; the R-1-S Single Family Suburban Residential District requires 10,000 square feet; and the R-1-U Single Family Urban Residential District requires 7,000 square feet. Front and rear setbacks in the single family districts are 20 feet. Side setbacks vary depending on the district. The R-E District requires a total of 30 ft. for side setbacks with a minimum of 10 ft. on a side; the R-E-S District requires a total of 25 feet for side setbacks with a minimum of 10 ft. on a side; the R-1-S District requires a minimum side setback of 10 feet on each side; and R-1-U District requires a minimum side setback of 10 percent of the lot width or five feet whichever is greater, on each side. Maximum lot coverage allowed is 30 percent in the R-E and R-E-S Districts and 35 percent in the R-1-S and R-1-U Districts. There are also floor area restrictions in the single family zoning districts. Lots between 5,000-7,000 square feet are allowed 2,800 square feet of gross floor area, and for all lots the maximum floor area allowed is determined on a sliding scale based on the lot size. Each residential unit is required to provide two off-street parking spaces which cannot be located in the front or side setbacks. The minimum requirement is for one uncovered parking space and one covered parking space.

There are two basic multi-residential zoning districts which comprise the majority of the city's multiple residential areas. These are the R-2 Low Density Apartment District and the R-3 Apartment District. All require a 7,000 square feet minimum lot size. The maximum density allowed presently is 18.5 dwelling units per acre. Maximum lot coverage allowed in these zoning districts is 30 and 35 percent. There are also limits on the gross floor area allowed in these districts of 40 and 45 percent of the total lot area.

There currently is no high-density residential zoning district in Menlo Park, although the Housing Element proposes to establish a high-density residential district that would allow up to 40 dwelling units per acre.

The City also has the R-C Mixed Use District adjacent to the downtown district which allows commercial and residential projects to be developed on the same lot. The Zoning Ordinance includes guidelines which allow flexibility for this type of development, (i.e., unit density shall be established at the discretion of the Planning Commission and off-street parking can be shared). The Zoning Ordinance also makes provisions for retirement rental housing for persons over 60 years of age. The City has a Retirement Living Unit (RLU) District which provides non-profit developers of senior housing with incentives to produce affordable housing. These incentives include higher density, smaller unit sizes, parking reductions, and common dining facilities. This type of housing must be owned and managed by charitable and/or non-profit organizations.

The City also has an ordinance which allows some development standards to be reduced (e.g., reduced setbacks) for Below Market Rate (BMR) subdivisions. On parcels of one acre or more, a conditional development permit allows an applicant flexibility in applying development regulations for a given project. The Planning Commission and City Council make final determinations when approving conditional development permits.

On- and Off-Site Improvements

Land improvements include both on-site and off-site improvements. In Menlo Park, on-site improvements for residential construction include 12- to 24-foot driveways, parking in the amount of two spaces per unit, landscaping for multi-family housing, and the installation of water meters. Also, on-site drainage facilities are required to prevent on-site drainage to neighboring properties. Public off-site improvements include streets ranging from 30 feet in width with parking on one side to 38 feet in width with parking on both sides. Other off-site improvement in Menlo Park include one street tree per property, undergrounding of utilities in new subdivisions, and drainage facilities.

All of these improvements add to the cost of housing but are deemed necessary to maintain the public health, safety, and welfare standards for a residential community. Street trees are a cost not always required of developers, but the savings in residential energy usage afforded to the homeowner by the trees probably outweighs the upfront cost of installing the trees. Accordingly, on- and off-site improvements do not constitute a constraint on the development of affordable housing in Menlo Park.

Density Bonuses

Under state law, when a developer agrees to construct at least 20 percent of the total units in a housing development for lower income households, 10 percent of the total units for very low income households, or 50 percent of the total dwelling units for qualifying senior citizens, a city or county must either grant a density bonus and at least one other concession or incentive, or provide other incentives of equivalent financial value. The developer must agree to ensure continued affordability for all lower income units for 30 years (10 years under particular circumstances). The density bonus must increase by at least 25 percent the existing maximum allowable density specified by the zoning ordinance and the land use element of the general plan. Menlo Park does not currently have the necessary provisions in its Zoning Ordinance to implement state density bonus law.

Building Codes

Table III-21 below, shows construction codes adopted and currently administered by the City of Menlo Park.

TABLE III-21
APPLICABLE BUILDING AND HOUSING CODES
1991

Code Name	Code Date	Remarks
Uniform Building Code	1988 ed.	No amendments that significantly increase the cost of housing
Uniform Building Code Standards	1988 ed.	No amendments
Uniform Plumbing Code	1988 ed.	No amendments
Uniform Fire Code	1988 ed. 1991 ed. pend	Amendments that may significantly increase the cost of housing; enforced at the discretion of the Menlo Park Fire Protection District
State Health and Safety Code	N/A	Enforced at the discretion of the Menlo Park Fire Protection District incorporating Uniform Fire Code; no amendments
National Electrical Code	1990 ed.	No amendments
Uniform Mechanical Code	1988 ed.	No amendments
Uniform Housing Code	1988 ed.	No amendments

Source: City of Menlo Park

Enforcement of the adopted building and housing codes is focused primarily on review of new construction proposals to ensure that they comply with minimum health and safety standards. Application to existing construction is generally limited to correction of violations brought to light through complaint. As in many jurisdictions, Menlo Park's resources to mount an active building code enforcement program are limited. Violation correction typically results in code compliance without adverse effect upon the availability or affordability of the dwelling units involved.

The Fire District has a fire sprinkler ordinance that requires attached buildings of greater than 5,000 square feet of gross floor area to install and maintain sprinklers. This impacts multi-family housing and might result in higher development costs for this form of affordable housing.

Permit Processing, Procedures and Fees

Approval of permit applications is based on conformity with the Zoning Ordinance, although the City has the power to grant variances from the terms of the ordinance within the limitations provided in the ordinance.

Permit review and processing times vary depending on the type of project. A project that requires a conditional use permit and therefore requires a public hearing and approval by the Planning Commission usually takes about three months to go through the approval process, provided a negative declaration is issued. If an EIR is required, the entire review and approval process can take between eight and 12 months to complete, depending upon the scale of the project and impacts associated with it. Architectural Control is not required for single family residential projects, but is required for multi-residential projects over two units. The Planning Commission reviews and approves Architectural Control applications.

Development fees are summarized by Table III-22. Following a comprehensive study, fees were updated in May 1988 to more accurately reflect the actual costs of services provided. In general, however, permit fees and processing times are similar to those in other Peninsula communities and are not considered significant constraints to housing development.

TABLE III-22

DEVELOPMENT FEES

Fee Type	1991	
	Single ¹ Family Dwelling	Multi ² Family Dwelling
Building Permit	\$1,041	\$587
Plan Check ³	677	382
School Impact Fee ⁴	2,400	1,500
Traffic Improvement Fee ⁵	250	150
Sewer Hookup Fee	2,035	2,035
Storm Drainage Fee	450	150
Capital Facilities Charge ⁶	325	325
Geotechnical Fee (soil reports, etc.)	420	560
Total	\$7,598	\$5,689

Source: City of Menlo Park

Notes: ¹1,600 s.f. home; \$66.00 per s.f. = \$105,000 construction valuation

²1,000 s.f. apartment; \$66.00 per s.f. = \$66,000 construction valuation

³65 percent of building permit fee

⁴\$1.50 per s.f.

⁵\$25.00 per trip end; assumed 10 trip ends for SFD and 6 trip ends for MFD

⁶Assumes 3/4 inch meter

NON-GOVERNMENTAL CONSTRAINTS TO THE PRODUCTION OF HOUSING

Introduction

The production and availability of housing is constrained in virtually every community by non-governmental factors, such as the costs of construction and interest rates on home mortgages. This chapter reviews non-governmental constraints on housing production and availability of housing that affect Bay Area and California communities generally and some that are unique to Menlo Park.

Land costs

Menlo Park is a mature community with a very limited amount of vacant developable land. The city's population has grown by only 400 people from 28,100 to 28,500 (1.42 percent) since 1985. In addition, Menlo Park is centrally located in one of the most dynamic regions of economic activity in the United States and the world. Vacant lots are few in number and render discussions of lot prices virtually meaningless. If they were available, single family lots within Menlo Park would be priced in excess of \$400,000, based on discussions with local real estate professionals. Some lower priced parcels, however, are available in the eastern part of the city.

Construction Costs

Construction costs, while similar to other Bay Area communities with respect to materials and financing, are pushed higher by the city's escalating land values and higher prevailing wage rates. According to the Mid-Peninsula Housing Coalition, total construction costs range from \$75-125 per square foot depending upon the type of home being built.

Availability and Cost of Mortgages

The availability of funds for home purchase and improvement is an important indication of the health of the private housing market and, therefore, the health of the neighborhood or community. Disinvestment by private lenders in a neighborhood leads to deterioration and even further disinvestment. In Menlo Park, most neighborhoods of the city have retained a high property value and are obviously well maintained--an indication of neighborhood health and the availability of mortgages and improvements loans. The Belle Haven area adjacent to East Palo Alto, however, is a lower- and moderate-income area that could have been subjected to this disinvestment, but data obtained from the Federal Financial Institutions Examination Council (FFIEC) suggest that this area has been attracting investment recently. In part, this increased mortgage activity is attributable to the establishment of the Neighborhood Housing Service (NHS) by the City in the late 1970s. Throughout the 1980s, the NHS assisted in making mortgage and home improvement financing more available to low- and moderate-income homeowners in the Belle Haven area.

Table III-23 below, is a summary of information provided by the FFIEC concerning home loans in Menlo Park for the year 1989 (the most recent reporting year).

TABLE III-23
HOME LOANS ON MENLO PARK PROPERTIES*
1989

Census Tract	Total Home Purchase Loans: 1-4 family dwelling		Total Home Improvement Loans: 1-4 family dwellings		Total Mortgage Loans on multi-family dwellings		Non-Occupant Loans: 1-4 family dwellings		Percent Census Tract Minority Popula.
	No.	\$ Amount	No.	\$ Amount	No.	\$ Amount	No.	\$ Amount	
6116	56	\$11,139,000	4	\$96,000	0	\$0	3	\$694,000	16%
6117	69	\$6,992,000	10	\$269,000	1	\$115,000	14	\$1,267,000	97%
6121	48	\$7,615,000	3	\$92,000	7	\$5,950,000	7	\$1,000,000	33%
6122	101	\$19,235,000	6	\$333,000	2	\$2,725,000	6	\$1,009,000	13%
6123	2	\$666,000	0	\$0	0	\$0	0	\$0	17%
6124	17	\$4,113,000	1	\$120,000	0	\$0	0	\$0	10%
6125	47	\$12,824,000	2	\$79,000	2	\$1,275,000	7	\$1,318,000	9%
6126	54	\$13,818,000	1	\$100,000	0	\$0	7	\$1,703,000	9%
6127	36	\$12,374,000	3	\$530,000	0	\$0	2	\$397,000	4%
6128	67	\$23,091,000	2	\$125,000	0	\$0	3	\$305,000	4%
6129	96	\$25,434,000	3	\$86,000	1	\$735,000	7	\$1,331,000	7%
6130	56	\$17,218,000	4	\$463,000	0	\$0	4	\$1,488,000	6%
Total	649	\$154,519,000	39	\$2,293,000	13	\$10,800,000	60	\$10,512,000	n/a

Note: *Does not include local government loans

Source: Federal Financial Institutions Examinations Council

One important conclusion that can be drawn from this data is that Belle Haven (Census Tract 6117) has a high level of loan activity that is indicative of a strong lending market. Belle Haven had 69 home purchase loans, 10 home improvement loans, and 14 loans to owners of rental units (non-occupant loans). The high number of home purchase loans indicates that people are buying, selling, and refinancing homes in the area and that they are able to secure financing to do so. In 1989 there were more home improvement loans in Belle Haven than in any other area of the city--another indication that people are investing in the area. In summary, the data from the FFIEC indicates that the private lending community is active in Belle Haven.

On the other hand, the low incidence of multi-family loans reflects a general conservatism on the part of lenders in the last couple of years that has resulted in tight credit for multifamily projects everywhere. This conservatism, to the degree that it results in tight credit for affordable housing, poses a major non-governmental constraint on affordable housing development in Menlo Park and the nation. The low

incidence of multi-family loans may also be the result of a lack of market incentives for owners to improve their properties.

Housing construction and home ownership can be constrained by high interest rates, which over the past ten years have ranged from 15 percent to about 8 percent. Interest rates in January 1992 were very low, however, at about 8.43 percent for a 30-year fixed rate loan. Introductory interest rates for adjustable rate mortgages (ARMs) are similarly low at about 5.89 percent. These low interest rates should encourage home construction and buying and are not considered a constraint on home construction or purchase.

Conclusion

Based on the preceding analysis, the City concludes that market factors do constitute substantial constraints on the production and availability of housing affordable to very low, low and moderate income groups. These constraints are applicable to much of the Bay Area and are not peculiar to Menlo Park. Land scarcity, high real estate prices, and tight credit for multifamily housing are the most significant non-governmental constraints to affordable housing development in Menlo Park.

CURRENT AND PAST HOUSING PROGRAMS IN MENLO PARK

Existing Housing Programs

The Below Market Rate (BMR) Housing Program for Residential Developments

New residential projects of 10 or more units are required by the City to include one BMR unit on-site out of every 10 units constructed. For each BMR unit provided, the developer is allowed one additional market-rate unit, provided the total density bonus does not exceed 15 percent of what is otherwise allowed by zoning. As a second priority, the City allows the developer to develop the BMR units off site. The City's lowest priority is to accept an in-lieu payment for the BMR requirement. The BMR Housing Program for Residential Developments was implemented by ordinance number 756 on September 22, 1987. This ordinance constitutes Chapters 15.36 and 16.96 of the Menlo Park Municipal Code.

The Below Market Rate (BMR) Housing Program For Commercial and Industrial Developments

Commercial and industrial construction projects larger than 10,000 square feet that are not master planned are required by the City to provide low- and moderate-income housing or pay an in-lieu fee. The contribution is calculated based on the size and intensity of the commercial or industrial use being proposed. The BMR Housing Program for Commercial and Industrial Developments was implemented by ordinance number 764 on March 22, 1988. This ordinance constitutes Chapter 16.98 of the Menlo Park Municipal Code.

Community Development Block Grant

The City of Menlo Park has participated in the Housing and Community Development Block Grant program since 1975. Under the Housing and Community Development Acts of 1974 and 1977, federal funds in the form of Community Development Block Grants are made available to local governments like Menlo Park. The primary objective of the program is to upgrade low and moderate income housing.

Since the program's inception, the City of Menlo Park has used Block Grant funds exclusively for housing rehabilitation loans and grants. The City loan funds have been instrumental in the rehabilitation of approximately 15 to 30 single family owner-occupied residences per year since the program's inception. The impact is particularly visible in the Belle Haven community.

The program currently serves Census Tracts 6121 and 6122 (the Willows area) and 6117 (Belle Haven). Interest rates range from three percent to six percent as determined by the homeowner's income. The program aims to provide a high degree of flexibility and personal attention, with the result that loans are in great demand. In 1991, the City began taking steps to expand this program citywide.

County Rental Rehabilitation Program

San Mateo County operates the Rental Rehabilitation program in the City of Menlo Park. The Rental Rehabilitation program offers rental owners zero percent deferred loans to match other funds invested in the rehabilitation work. Rental rehabilitation loans are made on the condition that 75 percent of the units' rents remain affordable to tenants with incomes up to 80 percent of the County median for the ten-year term of the loan. Over the ten-year period the loans are forgiven on a declining basis.

Lower Income Rental Assistance (Section 8)

San Mateo County Housing Authority operates the Lower Income Rental Assistance program. This program aids low- and very low-income families in obtaining decent, safe, and sanitary housing in private accommodations. Through the Housing Authority, HUD makes up the difference between what these families can afford and the fair market rent for an adequate housing unit. Eligible tenants must pay the highest of either adjusted income, 10 percent of gross income, or the portion of welfare assistance designated to meet housing costs. This rental assistance may be used in existing housing.

In San Mateo County there are 279 units available to low- and moderate-income families that participate in the San Mateo County Assisted Rental/Owner Housing programs; typically, two to three of these units are in Menlo Park, although there were none in May 1991. In Menlo Park almost all of these units are for low-income households. City officials report that there are 259 households subsidized by Section 8 programs in Menlo Park.

Housing Voucher Demonstration (Section 8)

San Mateo County Housing Authority operates the Housing Voucher Demonstration program. This voucher program, similar to Lower Income Rental Assistance, provides very low-income families with a greater choice in the selection of a rental unit. The voucher permits families to rent units otherwise too expensive. Monthly housing assistance payments are based on the difference between a payment standard for the area and 30 percent of the family's monthly income. For families selected for assistance, preference will be given to those who are occupying substandard housing, are voluntarily displaced, or are paying more than half of their income for rent.

Moderate Rehabilitation Program (Section 8)

San Mateo County Housing Authority operates the Moderate Rehabilitation Program. This program encourages the rehabilitation of rental property for occupancy by Section 8 recipients. The program guarantees Section 8 payments to the owner of rehabilitated developments whenever eligible tenants reside in the project. Prior to undertaking rehabilitation work, the owner and the local Housing Authority will provide technical assistance in obtaining financing and for the rehabilitation. Once the work is completed, the Housing Assistance Payments contract is executed and operates for a 15-year period. Moderate rehabilitation is defined as rehabilitation involving only a limited amount of work on a dwelling unit which can be accomplished without displacing the tenants. Temporary relocation or permanent displacement should not be required except in limited circumstances.

Aftercare Certificates (Section 8)

The San Mateo County Housing Authority operates the Aftercare Program. This certificate program subsidizes rents for persons who are physically, mentally, or developmentally disabled and who receive in-home supportive services, to assist them in living independently in a housing unit within the community. Through the Housing Authority, HUD makes up the difference between what these persons can afford and the fair market rent for an adequate housing unit.

Emergency Repairs

The Emergency Repair Loan Program, which was initially funded by a Federal Revenue Sharing grant, is a revolving loan fund that assists lower income families throughout the city with minor emergency repairs to their homes. Qualifying repairs include: 1) those which correct code violations which constitute a serious and urgent, life-threatening hazard that has come suddenly and unpredictably, or 2) those that if not repaired, will cause serious structural damage to the property.

Mortgage Revenue Bonds

In 1983, the City issued \$2,400,000 in tax exempt mortgage revenue bonds to provide below market rate financing for mortgage loans and home improvement loans in Menlo Park. Due to income restrictions and limitations on the value of participating properties, this type of financing was utilized most in Belle Haven, the Willows, and other neighborhoods east of Middlefield Road. The bond financing program provided a supplement to the City's other programs, but did not reach those households of very low income due to the criteria that had to be met to qualify for a loan. Only a few loans were made through this program because interest rates in the private sector declined after the bonds were issued and because of the eligibility requirements of the mortgages.

Neighborhood Housing Services

Neighborhood Housing Services (NHS) is a private non-profit corporation of the Neighborhood Reinvestment Corporation, which in turn is a joint effort of the federal financial regulatory agencies (Federal Home Loan Bank Board, Federal Reserve System, Federal Deposit Insurance Corporation, Comptroller of the Currency) and HUD. The NHS program consists of a partnership of residents of the neighborhood, the private sector and local government. The local NHS, which was established in 1978,

has the goal to preserve and improve the houses in the Belle Haven community. Despite a slow startup, the local NHS offered rehabilitation loans, financial counseling, and sought neighborhood resident support for their committees. NHS closed at the end of 1990 due to increased real estate market interest in investment in the community.

Redevelopment

In 1981, the City established the Menlo Park Community Development Agency. Subsequent to that, the agency designated a project area. That project area is the Las Pulgas Project Area which includes Belle Haven and adjacent industrial areas, plus a small area bordering Willow Road between the Bayshore Freeway and Middlefield Road. The primary source of revenue to the Agency at this time is the tax increment, which is the incremental growth in the local property tax dollar in the Las Pulgas Project Area. The general goals of the Plan for the Project Area are:

- To enhance the overall living environment of the Project Area;
- To promote homeownership and home improvement opportunities throughout the Project Area;
- To encourage private sector investment, together with the provision of additional public amenities;
- To increase local employment opportunities and the expansion of existing commercial enterprises within the Project Area;
- To promote commercial and industrial rehabilitation and in-fill construction in conformance with the Comprehensive Plan and Goals of this Plan;
- To promote the development of affordable rental and ownership housing, particularly for the elderly;
- To ameliorate present overcrowded housing conditions and seek to prevent them in the future;
- To accomplish these goals with a minimum displacement of any residential homeowner, tenant, or business.

The first major redevelopment project was completed in 1988 in the 1200 and 1300 blocks of Willow Road through the Willow Road Residential Improvement Plan. The Plan included creating a local access road from old Willow Road, new landscaping and parking layouts, altering the site plan to improve pedestrian circulation, and rehabilitating 130 units, including enlarging some to increase the number of two- and three-bedroom units to relieve overcrowding.

The City's Redevelopment Agency is expected to generate approximately \$500,000 in housing set-aside funds each year for three years between 1992 and 1995. The Redevelopment Agency has developed a list of proposed projects for the use of these anticipated funds including facilitation of the development or rehabilitation of affordable housing in the community and amortization of debt from past low- and moderate-income housing activities of the Redevelopment Agency, particularly major costs that were associated with the Gateway Project.

New Housing Programs

Home Investment Partnership Act (HOME Program)

The HOME Program is a new federal housing program enacted pursuant to Title II of the National Affordable Housing Act (1990). The program is being operated by the San Mateo County Consortium, which is a group of 19 San Mateo County cities and the County of San Mateo that applied together to receive program funds. The purposes of the HOME Program are to: 1) expand the supply of decent, affordable housing for low- and very low-income families, with emphasis on rental housing; 2) build state and local capacity to carry out affordable housing programs; and 3) provide for coordinated assistance to participants in the development of affordable low-income housing.

The San Mateo County Consortium will receive \$3.1 million in entitlements under the HOME Program in the first program year. The program requires a 50 percent match in funds from the locality, but for the first year no match is required. The HOME Program funds can be used for acquisition, rehabilitation, new construction, and first-time homebuyers programs. In FY 92-93, 42 percent of the program funds are earmarked for new construction.

Achievements of the Previous Housing Element

In order to create a more effective policy response to current housing problems in Menlo Park, it is useful to examine the effectiveness of past housing policies and programs. The following is an analysis of actions taken to implement the programs of the City's 1985 Housing Element.

Policy A: *Establish, maintain and enforce codes and other rehabilitation tools which will reduce substandard units and reduce overcrowding.*

The City's building inspectors enforce the Uniform Building Code for all residential development. In addition, a designated code enforcement officer inspects houses for compliance with the Uniform Housing Code, including those for which rehabilitation loans are requested. Between 1985 and 1990 the City's Community Development Block Grant funded single family rehabilitation through the Department of Housing and Redevelopment's rehabilitation program and through private funding supplied by Great Western Bank. Loans and technical assistance were provided to rehabilitate 65 homes up to the standards of the Uniform Housing Code, including building additions where these were needed to eliminate overcrowding.

In addition, between 1985 and 1990 Neighborhood Housing Services made 32 loans to rehabilitate homes, also to Housing Code standards. The City's Redevelopment Agency granted NHS funds during those years which partially funded the loans.

The City also has established a revolving loan fund from a Federal Revenue Sharing grant received several years ago which made 33 zero-percent loans for repairs to correct hazardous or life threatening conditions. These include new roofs, hot water heaters, and sanitary sewer lines.

The City's Redevelopment Agency contracted with Mid-Peninsula Housing Coalition to purchase, rehabilitate and manage 130 units of rental housing in 29 buildings at the Gateway apartments. The two

studios, 67 one-bedroom units, 33 two-bedroom units and 28 three-bedroom units are all occupied by households with incomes below 50 percent of the county median. The Redevelopment Agency issued \$5,340,000 in tax allocation bonds in 1985 and another \$4,720,000 in tax allocation bonds in 1988, the proceeds of which primarily funded the Gateway project. The Agency also issued \$8,605,000 in multifamily housing revenue bonds in 1987 as the primary loan for the project. There is a 15-year Section 8 Moderate Rehabilitation Grant which guarantees affordable rents for very low-income households. In addition, the following contributions were made: 1) the State of California provided \$150,000 in the form of a three-percent deferred payment loan; 2) \$600,000 dollars of Community Development Block Grant funds were lent, primarily for roofs; and 3) Community Action Agency and Pacific Gas & Electric funds paid for weatherization costs. The Gateway was fully occupied by July 1988.

In 1988 the Redevelopment Agency made a construction loan of \$100,000 to Mt. Olive A.O.H. Church of God to enable the church to relocate and rehabilitate eight apartments which are rented to low and moderate income households.

San Mateo County has made Rental Rehabilitation loans to owners of 22 units which are rented to low income households in Menlo Park.

Policy B: *Encourage maintenance of housing at or above code levels with special emphasis placed upon upgrading the quality of declining housing stock and preventing future deterioration.*

The rehabilitation programs described previously under Policy A bring houses and apartments up to Building Code standards.

Policy C: *Promote and support voluntary housing rehabilitation activities.*

All repairs made through the rehabilitation loan program may be described as voluntary housing rehabilitation activities.

In addition in 1990 and 1991, the Redevelopment Agency staff provided technical assistance and funds for landscaping upgrades for "Christmas in April," a voluntary program that repairs houses at no cost to the homeowner on one day each year. Each year 12 homes are rehabilitated through the program. Christmas in April is sponsored by the Junior League, and City staff has volunteered to work on the project in the past.

City staff served on the NHS Board of Directors and volunteered to serve on landscaping projects and on Clean Up Day sponsored by NHS.

Policy D: *Protect from demolition housing that is sound and capable of rehabilitation*

The Planning Commission has a policy that requires that any project that involves the demolition and removal of housing units must go before them at a study session prior to making a formal application. The Planning Commission has encouraged the development of housing in the areas zoned for mixed use.

Policy E: *Continue Belle Haven as the designated primary target area for rehabilitation to prevent existing standard units from becoming deteriorated and to significantly reduce the number*

of seriously deteriorating units there. Place emphasis on the rehabilitation of apartments on the 1200 and 1300 blocks of Willow Road until completion.

The Gateway apartments on Willow Road were completely rehabilitated and occupied by July 1988.

Belle Haven and the Willows constitute the target area for the single family rehabilitation loan program. Approximately 90 percent of the homes rehabilitated through this program were in Belle Haven. In addition, NHS provided loans and technical assistance to rehabilitate 32 homes in Belle Haven.

- *Action: establish a schedule for inventory and evaluating housing conditions.*

No action has been taken to establish a schedule.

- *Action: provide incentives to owners or developers to rehabilitate properties.*

The single family rehabilitation loan program offers low and moderate income homeowners in Belle Haven and the Willows 3-percent and 6-percent loans and technical assistance to rehabilitate their homes. Neighborhood Housing Services offered low, moderate and above moderate income households loans with interest rates varying up to 12 percent to rehabilitate their homes and also make some cosmetic improvements. NHS loans were made through the end of 1990.

San Mateo County operates the Rental Rehabilitation program in Menlo Park. The Rental Rehabilitation program offers rental owners zero-percent deferred loans to match other funds invested in the rehabilitation work. Rental rehabilitation loans are made on the condition that 75 percent of the units' rents remain affordable to tenants with incomes up to 80 percent of the county median for the ten-year term of the loan. Over the ten-year period the loans are forgiven on a declining basis.

- *Action: continue to utilize existing remedial measures and develop new ones to arrest the decline in the target area.*

The programs described above were in place when this policy was written in 1985. Neighborhood Housing Services has completed its program in Belle Haven, and will not make loans after 1990. The State has discontinued its Deferred Payment Loan Program for housing rehabilitation.

The Redevelopment Agency has proposed to raise its funding limits to allow a number of major projects, including housing, in the Las Pulgas Project Area, which includes Belle Haven.

- *Action: continue to assist the non-profit housing corporation, Neighborhood Housing Services (NHS), to upgrade existing housing stock.*

During the period 1985 to 1990, the City's Redevelopment Agency made grants to NHS for loans and administration. As of January 1, 1991, NHS of Menlo Park has completed

its work. The Housing and Redevelopment Department is proposing to assume management of the NHS loan portfolio and use any income for housing lower- and moderate-income households.

Policy F: *Encourage home security and crime prevention.*

Home security and crime prevention are eligible costs under the single family rehabilitation loan program.

A crime prevention plan was prepared and implemented at the Gateway apartments with the assistance of the Menlo Park Police Department. The plan focused on lighting arrangements but also included the design of the landscape wall and plantings.

- *Action: encourage formulation of neighborhood improvement associations to upgrade neighborhoods.*

Most neighborhoods in Menlo Park have neighborhood associations. No action has been taken to encourage formulation of new neighborhood improvement associations.

Policy G: *Place a high priority on maintaining and improving the quality and character of neighborhoods when making decisions regarding zoning, Use Permits, architectural control, and Variances.*

The Planning Commission continues to place a high priority on preservation and improvement of neighborhoods throughout the city in decisions that they make. A number of ordinance amendments have been implemented that help to ensure that this takes place, such as limits on floor area and bulk of buildings in residential, commercial, and industrial zoning districts. A new daylight plane ordinance has been adopted for residential districts, and hours of construction are limited in some cases to minimize impacts on neighborhoods.

Policy H: *Retain the desirable characteristics of each neighborhood in the implementation of housing policies.*

The City's Redevelopment Agency provides a landscape grant of up to \$750 for each home that is rehabilitated through the City's or NHS's program. Thirty-two homes received landscape grants between 1985 and 1990.

- *Action: continue to examine all existing and proposed public and private projects for their possible impact upon the quality of residential areas.*

The Housing Commission reviews large commercial and residential development proposals for direct and indirect impacts on the supply of housing affordable to various groups in the City, and makes recommendations based on the review.

Policy I: *Encourage developers of existing vacant or developable land, appropriate for residential uses, to develop housing units appropriate to the neighborhood, and commensurate with the overall environment of the City.*

- *Action: prepare an inventory of all existing vacant and potential developable lands that may be suitable for residential use.*

The City has completed an inventory of existing vacant and potential developable lands, and this information is incorporated into Tables III-16 through III-18 in this background report.

- *Action: when property is proposed for development, require a master plan for the development of the property.*

Policy J: *Do not permit non-residential uses to encroach on purely residentially-zoned areas.*

The City continues to maintain the integrity of its Zoning Ordinance by not allowing non-residential land uses to impact residential areas. The City has been encouraging residential uses to be established in commercial areas that are adjacent to residential areas in some parts of the city such as the Willow Road corridor between Middlefield Road and the Highway 101 Freeway and in the El Camino/SPRR corridor. Multi-family residential use has also been encouraged along Hamilton Avenue to serve as a transition between industrial areas and the single family residential uses in the Belle Haven neighborhood. The General Plan has designated this area as Medium-Density Residential and an area study will be undertaken to rezone the area.

Policy K: *Protect renters from displacement because of condominium conversion due to lack of provision of adequate replacement housing.*

The City has a very stringent condominium conversion ordinance which makes it difficult to do condominium conversions in the city. The ordinance requires information on vacancy rates and programs for offering the units for sale to existing tenants.

Policy L: *In considering approval of developments which remove residential units, the impact of the elimination of housing units and the development of replacement housing in the community shall be considered.*

The City encourages that there not be a net loss of housing units when residential sites are redeveloped. The City's BMR Program requires on-site development of BMR units, off-site development of BMR units, or payment of in-lieu fees. The Planning Commission has allowed flexibility in development regulations when affordable housing units are being constructed.

Policy M: *Seek ways to decrease approval time for housing development.*

The City has cooperated with developers of housing projects by expeditiously carrying these projects through the review and approval process.

Policy N: *Encourage the implementation of Federal and State housing goals, when consistent with goals and policies of Menlo Park.*

- *Action: review and evaluate pertinent housing documents, reports, and studies conducted by state, regional, or federal bodies, as well as neighboring jurisdictions, for their impact on Menlo Park.*

The Housing Commission reviewed the Draft Environmental Impact Report for University Circle in East Palo Alto, the report on homelessness by the Hunger and Homeless Action Coalition of San Mateo County and the National Affordable Housing Act, among others, for their impacts on housing availability and affordability in Menlo Park.

Policy O: *Encourage various private sector housing programs with the intent of increasing community awareness of opportunities for financing, trading, sharing and rehabilitating housing.*

- *Action: have discussions with representatives of banks and savings and loan associations to identify techniques for lowering the cost of funds and for increasing the amount of mortgage funds available to the area residents.*

Staff actively promoted the Downpayment Assistance (PAL) Loan Program to local lenders, including mortgage lenders who participate in the Mortgage Credit Certificate Program.

Staff approached a number of local lenders to discuss proposals for handling construction loans and management of the City's portfolio for the single family rehabilitation loan program.

Staff also discussed the availability of loans to potential Menlo Park homebuyers with lower incomes with representatives of a number of lenders, many of whom described programs which offered slightly lower interest rates, higher debt to income ratio qualifications, or slightly lower points than for higher income customers.

In addition staff approached a number of lenders to see if they were interested in providing mortgages to purchase BMR units.

Policy P: *Experimental and innovative concepts for all housing, in accord with the goals and policies listed herein, shall be encouraged.*

The Housing Commission heard a presentation of the DUO program, which was sponsored by San Mateo County, and recommended support of the program to the City Council. The DUO program would provide financial and technical assistance for the development of second units where the primary and/or second unit is for a lower-income household.

In addition the Housing Commission heard a presentation from Innovative Housing and encouraged staff to find sites for a Co-Housing development in Menlo Park.

The Housing Commission recommended a group home for adults as an appropriate use for the land between Bay Road and the offramp from U.S. 101 to Willow Road.

Policy Q: *Consider multifamily residential development in conjunction with commercial uses to form mixed-use projects, on land zoned for commercial uses particularly when used as transition areas between residential and commercial areas.*

The second mixed-use project in the north of the downtown area adjacent to the city's Central Commercial District has recently been completed. The City has allowed residential units above existing commercial units in the downtown to be rebuilt or upgraded.

Policy R: *Encourage development of housing for groups with special needs; such as low and moderate income, the elderly, the handicapped, and families with children.*

- *Action: encourage non-profit organizations and private developers to build housing for groups with special needs.*

The Gateway and Mt. Olive Arms were developed as apartments for lower- and moderate-income households with City and Redevelopment Agency assistance.

The Redevelopment Agency contributed annually to the Center for the Independence of the Disabled to make handicap accessibility modifications to existing homes for income-eligible households.

- *Action: encourage non-profit sponsors to develop apartment units under Federal Housing Assistance Programs.*

The Gateway was developed with Federal Section 8 Moderate Rehabilitation funds and FHA mortgage insurance.

Willow Court is proposed by the Mid-Peninsula Housing Coalition, a non-profit housing developer. MPHC proposes to utilize State CHRP-R funds and County Community Development Block Grant funds for Willow Court.

- *Action: consider rezoning to higher densities, in selected areas, for senior housing, below market rate 'BMR' units, young families, handicapped, and all groups with special needs.*

The City adopted the Below Market Rate Housing Program in 1987. The BMR Program requires developers of ten or more units to provide one unit out of ten at below-market rate, and offers a density bonus of one unit for each BMR unit. Two developers have submitted applications under this program to build BMR units, another paid an in lieu fee.

Policy S: *Encourage the cities in San Mateo County to participate in the Rental Assistance Program to help ensure a more equitable distribution of assisted housing throughout the County.*

- *Action: continue to encourage HUD to raise fair market rents for San Mateo County to provide greater dispersal of assisted households.*

No steps have been taken to implement this action.

- *Action: have discussions with neighboring jurisdictions and representatives from state and federal housing agencies, using technical assistance from ABAG and MCFH if necessary, to discuss methods by which Menlo Park and other governments can utilize state funds, city funds, federal funds, and other funds to individually and jointly develop housing for groups with special needs.*

The City has worked with Federal, State and County officials to utilize funds available for affordable housing for The Gateway and Willow Court. In addition, staff works with County staff to administer the Downpayment Assistance Loan program, which funds matching loans for first-time homebuyers downpayments. City BMR Reserve funds pay for the loans. County staff processes the applications and the County receives an application fee.

- *Action: sponsor programs with representatives of banks and savings and loan associations to establish techniques for increasing the amount of mortgage available for the purchase of housing by other groups with special needs.*

Also, see Policy O.

- *Action: support programs which educate Menlo Park residents, with regard to civil rights, fair housing and available fair housing agencies.*

The Redevelopment Agency has supported Mid-Peninsula Citizens for Fair Housing each year. MCFH held a training session for mediators who work with the City's Tenant-Landlord Mediation Board. MCFH distributes literature about fair housing rights and their mediation activities. MCFH tests access to housing when it receives complaints.

- *Action: review City ordinances to determine if the ordinances exclude persons on the basis of racial, ethnic, or age characteristics. Prepare recommendations on methods for amending the Zoning and other ordinances, if needed.*

This program is ongoing.

- *Action: take an active role in establishing and maintaining good landlord-tenant relations, continue to support the Mid-Peninsula Citizens for Fair Housing (MCFH), and enforce fair housing laws by: 1) Continue the Tenant-Landlord Mediation Board to review and resolve landlord-tenant grievances; and 2) Refer conflicts to the Mid Peninsula Citizens for Fair Housing.*

This program is ongoing.

Analysis of the Previous Housing Element

The 1985 Housing Element identified a number of programs designed to facilitate affordable housing, but did not quantify the number of units to be achieved through the various programs. While it is possible to quantify the results of many of these programs, it is impossible to quantitatively measure the results against program objectives.

The 1985-90 programs for which quantitative results are available include CDBG, State deferred payment loans, mortgage revenue bonds, Neighborhood Housing Services (NHS) and Redevelopment Agency programs. CDBG and state deferred payment loans were combined with other sources to produce 65 rehabilitated housing units during the five-year period. Mortgage revenue bonds funded four units. NHS funded 32 home rehabilitation loans. Redevelopment Agency funds supported two construction projects totalling 138 dwelling units. Finally, the San Mateo County Rental Rehabilitation Program provided assistance to 18 units. The figures presented above were cross-checked and adjusted to eliminate double-counting. Overall, a total of 257 low- and moderate-income dwellings were built or rehabilitated with assistance from existing housing programs. This represents approximately 50 percent of the total need identified by ABAG for these income groups. It is likely that the percentage of low- and very low-income need met was higher than the percentage achieved for moderate income units.

Although the analysis presented above suggests that Menlo Park fell short of its 1985-90 affordable housing objectives, the City met a higher percentage of its low- and moderate-income housing need than many, if not most, Bay Area jurisdictions.

Developing affordable housing in Menlo Park is different because it is an established community with very little vacant land in any zoning category appropriate for residential development, and practically no residentially-zoned vacant land. Land and house prices in Menlo Park average among the highest in the state.

Menlo Park is also a community with a diversity of households. The City's primary housing strategy is to preserve the homes of residents through rehabilitation programs. In addition, the City has programs which require that at least ten percent of all new housing in developments of ten or more units be sold or rented at prices that households with moderate or lesser incomes can afford, and that commercial developers contribute fees to a fund established for below market rate housing. The City has allocated funds for down payment assistance for first-time home buyers with moderate incomes, other funds for development of low-income family housing, and has utilized zoning incentives to encourage the development of housing by non-profit groups for the elderly. The City also has a number of programs which benefit population groups with specific needs, such as the elderly and handicapped.

Menlo Park is also a city with a large stock of lower priced substandard housing that is in need of rehabilitation through programs aimed at keeping low-income families in their homes. Preserving this housing resource is a focal point of the City's strategy. Much of this effort is devoted to rehabilitating and expanding small two- and three-bedroom houses in Belle Haven to house large low-income families living in overcrowded conditions. Thus, the City has been increasing the capacity of the housing stock to adequately house low-income families without displacing them.

The Mortgage Revenue Bond Program was discontinued because private interest rates fell below the bond rate. The NHS rehabilitation loan programs was also terminated due to improved investment in the community. The City intends to acquire the existing NHS loan portfolio sometime in 1991.

The City was able to provide a range of assistance programs designed to conserve existing affordable housing. A single family home rehabilitation program proved to be very popular with city residents. The City also supported fair housing by allocating \$5,000 in 1989-90 to the Mid-Peninsula Citizens for Fair Housing, home sharing through a \$10,000 grant to the Human Investment Program, and handicapped accessibility by allocating \$10,000 to the Center for Independence of the Disabled.

CONSISTENCY OF THE HOUSING ELEMENT WITH OTHER GENERAL PLAN ELEMENTS

The Housing Element identifies a number of vacant and underutilized parcels for rezoning to allow for higher-density residential development, which would potentially be affordable to lower-income persons. In most cases, rezoning of these parcels would also require amendments to the Land Use Element of the General Plan. Amendments to the Land Use and Circulation Elements to achieve consistency with the Housing Element will be adopted in 1992 as part of the comprehensive revision of the Land Use and Circulation Elements. Consistency issues with respect to the Conservation, Open Space, and Noise Elements will be addressed as part of the comprehensive revision of these elements scheduled for Fiscal Year 92-93.

EFFORTS TO ACHIEVE PUBLIC PARTICIPATION

The process for achieving citizen participation in the formulation of the Housing Element consisted primarily of public hearings at the Planning Commission and City Council level. These hearings were preceded by a series of review sessions sponsored by the Housing Commission. Representatives of various housing advocacy groups were notified and participated extensively in the review sessions and in Planning Commission and City Council hearings.

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GLOSSARY

Condominium - Ownership that enables a person to own an apartment or house in a development of similar units and hold a common or joint-ownership in common areas, hallways, entrances, elevators, etc. The owner has a deed to the individual unit, and, very likely, a mortgage on the unit, and also holds a common or joint ownership in all common areas, such as grounds, lobbies, and elevators. A condominium unit need not be occupied by the owner to be counted as such.

Dwelling Unit - One (1) or more habitable rooms which are designed to be occupied by one (1) family with facilities for living, sleeping, cooking, eating, and sanitation.

Family - Two or more persons, including the householder, who are related by birth, marriage, or adoption, and who live together as one household.

Gross Rent - Contract rent plus the estimated average monthly cost of utilities (water, electricity, gas) and fuels (oil, coal, kerosene, wood, etc.) to the extent that these are paid for by the renter (or paid for by a relative, welfare agency, or friend) in addition to the rent.

Household - The person or persons occupying a housing unit.

Housing Units - A house, apartment, mobilehome or trailer, group of rooms, or single room occupied as a separate living quarter or, if vacant, intended for occupancy as a separate living quarter. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from the outside of the building or through a common hall.

Income Levels - Income categories are defined with respect to the area or county median income and are adjusted for household size, as follows:

Very Low Income - Less than 50% of the area or county median income.

Other Lower Income - Between 51% and 80% of the county median income.

Lower Income - Less than or equal to 80% of the county median income (i.e., combination of very low income and other lower income).

Moderate Income - Between 81% and 120% of the county median income.

Above Moderate Income - Above 120% of the county median income.

Mean - The average of a range of numbers.

Median - The mid-point in a range of numbers.

Multi-family Dwelling Unit - A building or portion thereof designed for or occupied by two (2) or more families living independently of each other, including duplexes, triplexes, quadruplexes, apartments, and condominiums.

Overcrowding - Households or occupied housing units with 1.01 or more persons per room.

Single Family Dwelling - A building or buildings designed for or occupied exclusively by one (1) family, excluding a mobilehome. Includes both detached and attached (townhouses) single family units.

Year-Round Housing Units - All occupied units plus vacant units intended for year-round use, but excluding vacant units held for seasonal use or migratory labor.

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8. The eighth part of the document is a list of the names of the persons who have been named in the proceedings.

9. The ninth part of the document is a list of the names of the persons who have been named in the proceedings.

10. The tenth part of the document is a list of the names of the persons who have been named in the proceedings.

11. The eleventh part of the document is a list of the names of the persons who have been named in the proceedings.

12. The twelfth part of the document is a list of the names of the persons who have been named in the proceedings.

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